

# **PACIFIC FOCUS18 FUND**

**ANNUAL REPORT**  
**For the financial year ended 30 September 2020**



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**FUND INFORMATION**  
**As At 30 September 2020**

Name Of Fund	: Pacific Focus18 Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad (formerly known as Pacific Mutual Fund Bhd) 199501006861 (336059-U)
Launch Date	: 16 June 2005
	The Fund will continue its operations until terminated as provided under Part 12 of the Deed.
Category Of Fund	: Equity
Type Of Fund	: Growth
Investment Objective	: Pacific Focus18 Fund aims to achieve high capital growth over the long term* by investing in a concentrated portfolio of equity and equity-related securities.
	<i>* Long term is defined as a period of more than three years.</i>
Performance Benchmark:	Since inception to 5 July 2009 – Kuala Lumpur Composite Index (KLCI)
	6 July 2009 to 14 November 2010 – FTSE Bursa Malaysia Top 100 Index (FBM 100)
	15 November 2010 onwards – Composite benchmark: 50% MSCI AC World Index (MXWD) 50% FTSE Bursa Malaysia Top 100 Index (FBM 100)
Distribution Policy	: Income, if any, will be distributed annually.
Fund Size	: 4.74 million units

Breakdown Of Unitholdings	:	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
		5,000 units & below	37	22.70	0.09
		5,001-10,000 units	26	15.95	0.19
		10,001-50,000 units	79	48.47	1.87
		50,001-500,000 units	21	12.88	2.59
		500,001 units & above	0	0.00	0.00
		<b>Total</b>	<b>163</b>	<b>100.00</b>	<b>4.74</b>

## FUND PERFORMANCE

### Financial Highlights

Category	As At 30.9.2020	As At 30.9.2019	As At 30.9.2018
<b>Quoted Equity Securities</b>	%	%	%
Banks	5.04	12.80	-
Capital Goods	-	-	4.25
Consumer Services	4.16	5.85	10.87
Energy	-	-	3.62
Food, Beverage & Tobacco	4.35	9.99	-
Materials	3.41	6.25	8.21
Media & Entertainment	11.20	12.56	-
Real Estate	-	3.71	2.79
Retailing	8.02	-	3.69
Telecommunication Services	-	-	7.07
Foreign Equity Securities:			
- Australia	-	-	2.43
- Great Britain	2.92	-	4.11
- Hong Kong	17.58	23.91	10.89
- Indonesia	3.86	2.89	-
- Japan	-	-	3.73
- Singapore	7.17	5.93	2.05
- United States of America	7.03	-	14.68
	<u>74.74</u>	<u>83.89</u>	<u>78.39</u>
<b>Collective Investment Scheme</b>	-	-	2.56
<b>Cash And Liquid Assets</b>	<u>25.26</u>	<u>16.11</u>	<u>19.05</u>
<b>Total</b>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
Net Asset Value (RM'000)	1,383	2,426	4,022
Number Of Units In Circulation (Units '000)	4,739	7,022	10,049
Net Asset Value Per Unit (RM)	0.2919	0.3456	0.3983
Management Expense Ratio ("MER") <sup>1</sup>	3.60%	2.56%	2.35%
Portfolio Turnover Ratio (times)	1.30	2.97	3.92

The Management Expense Ratio for the current financial year is higher due to a lower percentage of decrease in expenses compared with the average net asset value attributable to unitholders.

<sup>1</sup> 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.*

**Performance Data**

	Pacific Focus18 Fund		Composite Benchmark#		
	Total Return	Average Annual Return	Total Return	Average Annual Return	
1 Year's Period (1.10.2019 to 30.9.2020)	-15.54%	-15.54%	2.94%	2.94%	
3 Years' Period (1.10.2017 to 30.9.2020)	-25.15%	-8.38%	1.30%	0.43%	
5 Years' Period (1.10.2015 to 30.9.2020)	-29.65%	-5.93%	18.90%	3.78%	
	<b>1.10.2019 to 30.9.2020</b>	<b>1.10.2018 to 30.9.2019</b>	<b>1.10.2017 to 30.9.2018</b>	<b>1.10.2016 to 30.9.2017</b>	<b>1.10.2015 to 30.9.2016</b>
Pacific Focus18 Fund					
- Capital Return	-15.54%	-13.23%	2.13%	-4.46%	-1.61%
- Income Return	0.00	0.00%	0.00%	0.00%	0.00%
- Total Return	-15.54%	13.23%	2.13%	-4.46%	-1.61%
Composite Benchmark#	2.94%	-4.98%	3.56%	12.85%	4.01%
	<b>1.10.2019 to 30.9.2020</b>	<b>1.10.2018 to 30.9.2019</b>	<b>1.10.2017 to 30.9.2018</b>		
<b>Unit Prices</b>					
Highest NAV (RM)	0.3695	0.3996	0.4209		
Lowest NAV (RM)	0.2418	0.3402	0.3814		
<b>Distributions</b>					
Gross Distribution Per Unit (sen)	- (30.9.2020)	- (30.9.2019)	- (28.9.2018)		
Net Distribution Per Unit (sen)	- (30.9.2020)	- (30.9.2019)	- (28.9.2018)		
<b>Unit Splits</b>	-	-	-		

\* The benchmark returns are adjusted by the movement of Ringgit Malaysia against foreign currencies.

Notes:

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



**MANAGER'S REPORT**  
**30 September 2020**

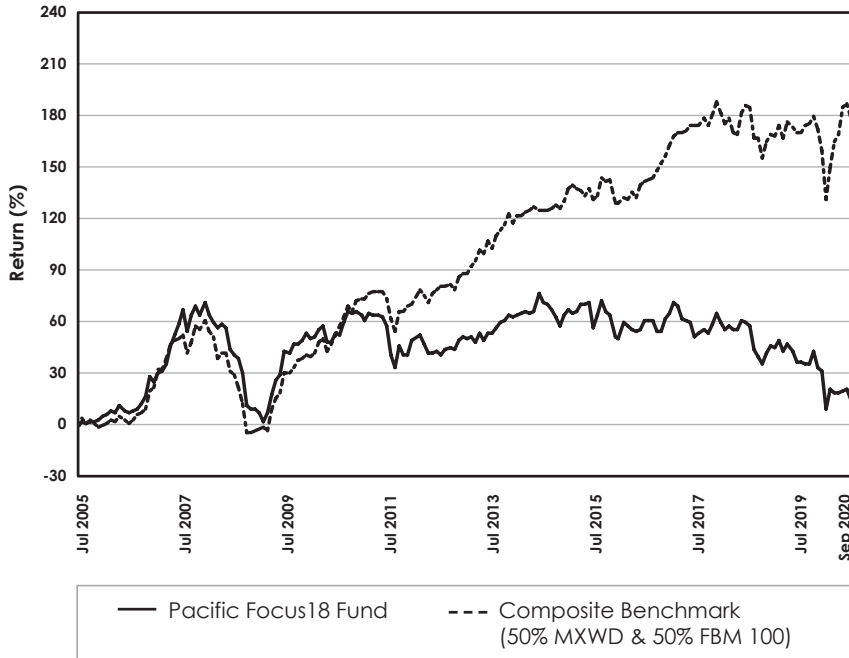
**Performance Review**

From 7 July 2005 (date of launch: 16 June 2005) to 30 September 2020, the Pacific Focus18 Fund registered a total return of 14.78%, while its composite benchmark (50% MSCI AC World Index [MXWD] and 50% FTSE Bursa Malaysia Top 100 Index [FBM 100]), rose 175.99%.

For the financial year under review (1 October 2019 to 30 September 2020), the Fund registered a total return of -15.54%. In comparison, its benchmark rose 2.94%.

The Fund has not met its investment objective of achieving high capital growth over the long term as the Fund's positions in value stocks underperformed.

**Comparison Between Fund's Performance And Benchmark**



Source: Lipper

Notes:  
 The benchmark returns are adjusted by the movement of Ringgit Malaysia against foreign currencies.

**Investment Strategy Review**

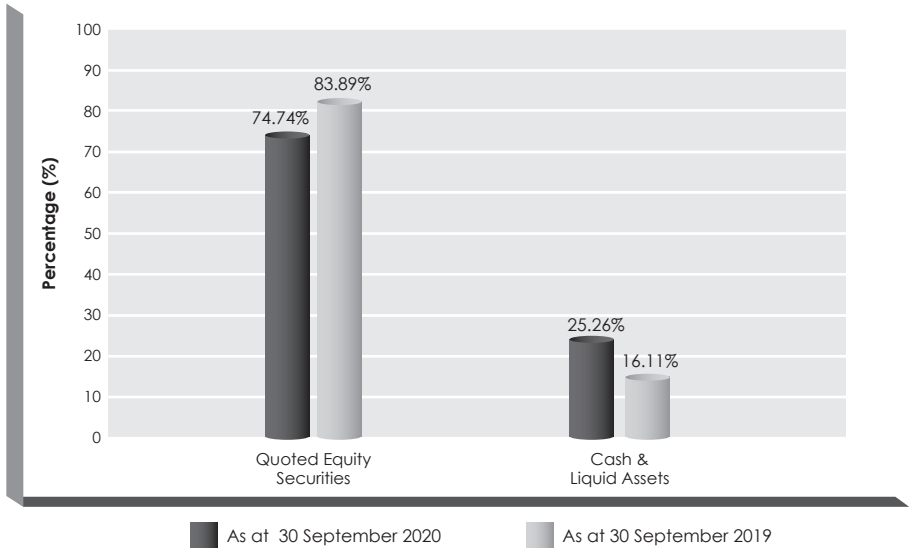
The Pacific Focus18 Fund started the financial year under review with an equity allocation of 86.8% at end-October 2019.

The Fund exited its positions in plantation stocks in November 2019 to lock in profits and was a net seller of high beta Chinese stocks in January 2020 on market strength. The proceeds were re-invested into a leading Chinese education provider and into high dividend-yielding stocks. Equity exposure during the first half of the financial year stood at 85.4%.

In the quarter ended June 2020, the Fund trimmed holdings in some Malaysian stocks including a tobacco company and a print media company on sharp price strength that was not expected to sustain, and added on to positions in offshore IT and Communications stocks. The Fund also exited its position in a Chinese education provider as share price hit internal valuations. During the last three months of the financial year under review, the Fund trimmed its equity exposure to an average 77.4% as market valuations turned demanding. The Fund also took profit on its position in a Chinese IT company and switched into a Singapore-listed agricultural group that would be listing its Chinese operations in the near term. For the financial year under review, equity exposure averaged at 82.5%.

In the near term, both fiscal and monetary policies remain supportive of global economies. However, following the sharp market rallies since March 2020, valuations are demanding especially in the US, with investors pricing in a V-shaped recovery. Yet, continued escalation in COVID-19 cases in US, Europe and selected Asian countries suggest that growth may be uneven, while US elections and Brexit risk may add to market volatility. Given potential downside risks, the Fund will look to lower portfolio beta and maintain equity exposure at conservative levels.

**Asset Allocation**



The quoted equity securities allocation of Pacific Focus18 Fund decreased to 74.74% as at 30 September 2020 from 83.89% recorded at the beginning of the financial year under review due to net equity sales.

**Analysis Of Net Asset Value**

The net asset value (NAV) per unit of Pacific Focus18 Fund decreased from RM0.3456 to RM0.2919 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM2,426,004 to RM1,382,964 mainly due to redemption outflows.

## **Market Review**

### **Review Of Global Markets**

Global markets made robust gains in the first quarter as US and China trade uncertainty faded. Both countries announced a phase one trade deal which is to be signed by mid-January 2020, eliminating any planned tariffs. President Trump also stated that talks on "Phase 2" would begin in Beijing. Central banks continued to be supportive as the Federal Reserve (Fed) cut interest rates once more and the People's Bank of China (PBOC) lowered the reserve requirement ratio, freeing up an estimated CNY800 billion additional cash for local banks to lend out.

Unfortunately, global markets fell 20% in the second quarter, staging the biggest drop since 2008 and erasing all of 2019 gains. The COVID-19 pandemic was expected to cause a global recession as the global economy came to an abrupt halt. Oil was caught in a perfect storm with an agreement between OPEC and Russia to constrain supply breaking down just as the outlook for demand fell. This led the oil price to fall by more than 67%. Most encouraging has been how quick the policy response from central banks and governments around the world dealt with this kind of shock, giving those economies the best chance of rebounding sharply once the health situation is under control. The length and severity of this depression would therefore depend on the extent to which governments fill in the gaps in their current fiscal responses, coupled with the support of the central banks, to ensure that unemployment is prevented from spiralling higher and bankruptcies of sound businesses are prevented.

Global markets rebounded 20% in the third quarter supported by a boost in global liquidity and optimism surrounding a speedy economic recovery as global lockdown measures ease. Early in the quarter, economic data released showed investors the extent of the damage caused by the pandemic. US unemployment benefit claims increased to 30.3 million in the week ending 25 April or 18.6% of the US labour force and the flash reading of Eurozone Markit composite PMI in the month of April 2020 plunged to an all-time low of 29.7 in March 2020 from 51.6 in February 2020. However, markets continue to trend higher despite the negative data due to ample fiscal support and notably loose liquidity conditions. The reopening of economies further boosted investor's confidence as economic data released started to show improvements giving hope for a meaningful rebound in the third quarter.

The rally continued into the fourth quarter as it gained 8% on the back of loose monetary policy, progress in COVID-19 vaccine development and synchronised economic recovery. Markets continued to climb higher earlier in the quarter as economic data posted by major economies showed signs of recovery. The Fed kept its dovish stance as they signalled that interest rates could be persistently low under the possibility that they would let inflation exceed its target figure. In Europe, PMI reading continues to improve for the third consecutive month. The European Central Bank (ECB) also unveiled a new 750 billion Euro fiscal stimulus package and its accommodative monetary policy. Unsurprisingly, China's recovery was ahead of its peers as it was the quickest to recover from the COVID-19, hence the Chinese equity markets saw a sturdy inflow of capital. Unfortunately, markets begin to pull back in September 2020. The US equities gave up its 5-month winning streak amidst a rising number of COVID-19 cases and the looming presidential elections. Economic data released also indicated a recovery less speedy than hoped for. Crucially, investors were also discouraged by the failure of Congress to pass an additional stimulus bill, as partisan friction was increased by skewed incentives created by the nearing elections in November 2020. Over in Europe, a pullback was similarly observed alongside rising COVID-19 cases and moderating economic data. China produced the most convincing appearance of a continued economic recovery but tension between the US and China continued to escalate after the US administration curb exports to Chinese largest chipmaker SMIC. This was after forcing the sale of social media app TikTok under national security concerns. How US-China relations develop in the foreseeable future is perceived to be also contingent on the results of the US elections, but pundits do not generally expect a major easing of restrictions even if the Trump administration is replaced.

**Income Distribution Nil****Unit Split Nil****Significant Changes In The State Of Affairs Of The Fund Nil****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 FOCUS18 FUND**

We, **CIMB COMMERCE TRUSTEE BERHAD** being the Trustee for **PACIFIC FOCUS18 FUND** ("the Fund") are of the opinion that **BOS WEALTH MANAGEMENT MALAYSIA BERHAD (formerly known as Pacific Mutual Fund Bhd)** ("the Manager"), acting in the capacity of the Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 30 September 2020.

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing for the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of  
**CIMB COMMERCE TRUSTEE BERHAD**



**LEE KOOI YOKE**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
2 November 2020

**STATEMENT BY THE MANAGER**

We, **TEH CHI-CHEUN** and **TAN AI CHIN**, being two of the Directors of **BOS WEALTH MANAGEMENT MALAYSIA BERHAD (formerly known as Pacific Mutual Fund Bhd)**, do hereby declare that, in the opinion of the Manager, the accompanying financial statements set out on pages 18 to 40 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 FOCUS18 FUND** as at 30 September 2020 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****TAN AI CHIN**

Kuala Lumpur, Malaysia  
2 November 2020

**INDEPENDENT AUDITORS' REPORT**

To the Unitholders of **PACIFIC FOCUS18 FUND**

**Report On The Audit Of The Financial Statements***Opinion*

We have audited the financial statements of **PACIFIC FOCUS18 FUND** ("the Fund"), which comprise the statement of financial position as at 30 September 2020, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 40.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2020, and of its financial performance and cash flows for the financial 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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 has 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 PLT**

202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
2 November 2020



**BRANDON BRUCE STA MARIA**

No. 02937/09/2021 J  
Chartered Accountant

**STATEMENT OF FINANCIAL POSITION**  
**As At 30 September 2020**

	Note	2020 RM	2019 RM
<b>Assets</b>			
Investments	3	1,033,674	2,035,128
Dividend receivable		1,228	-
Interest receivable		14	-
Amount due from brokers/dealers	7	5,552	99,178
Cash and cash equivalents	5	364,869	364,791
<b>Total Assets</b>		<u>1,405,337</u>	<u>2,499,097</u>
<b>Liabilities</b>			
Amount due to Manager	6	7,560	48,402
Amount due to brokers/dealers	7	-	9,840
Other payables		14,813	14,851
<b>Total Liabilities</b>		<u>22,373</u>	<u>73,093</u>
<b>Net Asset Value ("NAV") Of The Fund</b>		<u>1,382,964</u>	<u>2,426,004</u>
<b>Equity</b>			
Unitholders' capital		967,629	1,731,900
Retained earnings		415,335	694,104
<b>NAV Attributable To Unitholders</b>	14	<u>1,382,964</u>	<u>2,426,004</u>
<b>Total Equity And Liabilities</b>		<u>1,405,337</u>	<u>2,499,097</u>
<b>Number Of Units In Circulation (Units)</b>	15	<u>4,738,828</u>	<u>7,021,533</u>
<b>NAV Per Unit</b>	14	<u>RM0.2919</u>	<u>RM0.3456</u>

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**For The Financial Year Ended 30 September 2020**

	Note	2020 RM	2019 RM
<b>Investment Loss</b>			
Gross dividends from financial assets at fair value through profit or loss ("FVTPL")		62,390	66,993
Interest income		1,809	10,783
Net loss on investments			
- Financial assets at FVTPL		(71,221)	(332,246)
- Foreign exchange		(5,796)	20,457
Net unrealised gain on foreign exchange		918	463
Net unrealised loss on changes in value of financial assets at FVTPL		<u>(173,399)</u>	<u>(72,787)</u>
		<u>(185,299)</u>	<u>(306,337)</u>
<b>Expenses</b>			
Audit fee		8,000	8,000
Tax agent's fee		3,000	3,000
Manager's fee	<b>8</b>	26,223	49,800
Trustee's fee	<b>9</b>	8,400	8,400
Custodian's fee	<b>10</b>	189	256
Brokerage and other transaction fees		30,539	95,308
Administration expenses		17,119	15,629
		<u>93,470</u>	<u>180,393</u>
<b>Net Loss Before Taxation</b>		(278,769)	(486,730)
<b>Taxation</b>	<b>13</b>	-	-
<b>Net Loss After Taxation</b>		<u>(278,769)</u>	<u>(486,730)</u>
<b>Total Comprehensive Loss</b>		<u>(278,769)</u>	<u>(486,730)</u>
<b>Total Comprehensive Loss</b>			
<b>Is Make Up As Follows:</b>			
Realised loss		(106,288)	(414,406)
Unrealised loss		(172,481)	(72,324)
		<u>(278,769)</u>	<u>(486,730)</u>

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

**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**For The Financial Year Ended 30 September 2020**

	<b>Unitholders' Capital RM</b>	<b>Retained Earnings RM</b>	<b>NAV Attributable To Unitholders RM</b>
<b>At 1 October 2018</b>	2,820,871	1,180,834	4,001,705
Net loss after taxation	-	(486,730)	(486,730)
Creation of units	30,656	-	30,656
Cancellation of units	(1,119,627)	-	(1,119,627)
<b>At 30 September 2019</b>	<u>1,731,900</u>	<u>694,104</u>	<u>2,426,004</u>
<b>At 1 October 2019</b>	1,731,900	694,104	2,426,004
Net loss after taxation	-	(278,769)	(278,769)
Creation of units	8,602	-	8,602
Cancellation of units	(772,873)	-	(772,873)
<b>At 30 September 2020</b>	<u>967,629</u>	<u>415,335</u>	<u>1,382,964</u>

**STATEMENT OF CASH FLOWS**  
**For The Financial Year Ended 30 September 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Cash Flows From Operating And Investing Activities</b>		
Proceeds from sale of investments	2,733,654	10,239,305
Purchase of investments	(1,901,264)	(9,785,150)
Dividends received	55,941	75,178
Interest received	1,795	10,854
Manager's fee paid	(27,687)	(51,523)
Trustee's fee paid	(7,691)	(8,400)
Custodian's fee paid	(189)	(259)
Payment for other fees and expenses	(42,031)	(38,069)
Net cash generated from operating and investing activities	<u>812,528</u>	<u>441,936</u>
<b>Cash Flows From Financing Activities</b>		
Cash proceeds from units created	8,602	30,656
Cash paid on units cancelled	(812,250)	(1,078,829)
Net cash used in financing activities	<u>(803,648)</u>	<u>(1,048,173)</u>
<b>Net Decrease In Cash And Cash Equivalents</b>	8,880	(606,237)
<b>Effect Of Exchange Rate Changes</b>	(8,802)	(14,527)
<b>Cash And Cash Equivalents At Beginning Of Financial Year</b>	364,791	985,555
<b>Cash And Cash Equivalents At End Of Financial Year</b>	<u>364,869</u>	<u>364,791</u>
<b>Cash And Cash Equivalents Comprise:</b>		
Cash at banks	214,869	364,791
Deposits with financial institutions	150,000	-
	<u>364,869</u>	<u>364,791</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 September 2020****1. The Fund, The Manager And Their Principal Activities**

Pacific Focus18 Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Master Deed dated 6 June 2005 as amended by the First Supplemental Deed dated 8 February 2006, Second Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 25 June 2010 and its Third Supplemental Master Deed dated 12 July 2017 (hereinafter referred to as "the Deeds"), made between the Manager, BOS Wealth Management Malaysia Berhad and the Trustees, HSBC (Malaysia) Trustee Berhad (the Trustee prior to 1 October 2017), CIMB Commerce Trustee Berhad (the new Trustee with effect from 1 October 2017) for 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, foreign securities, unlisted securities, futures contracts and any other investments approved by the Securities Commission Malaysia. The Fund was launched on 16 June 2005 and will continue its operations until terminated as provided in the Deeds.

Prior to 29 November 2019, the Manager, a company incorporated in Malaysia was a 70% owned subsidiary of Lion Global Investors Limited, a company incorporated in Singapore. The remaining 30% of the share capital of the Manager was held by Koperasi Angkatan Tentera Malaysia Bhd.

On 29 November 2019, the Manager became a wholly owned subsidiary of Bank of Singapore Limited, a private bank based in Singapore. The ultimate holding company is Oversea-Chinese Banking Corporation Limited, a public listed company incorporated in Singapore.

The principal activities of the Manager are the establishment and management of unit trust funds as well as the management of private investment mandates. The Manager received approval from the Securities Commission Malaysia to include the regulated activity of investment advice under the variation of its Capital Markets Services License on 25 October 2019. The Manager registered to be an Institutional Unit Trust Adviser with the Federation of Investment Managers Malaysia on 13 November 2019. The Manager has not commenced activities relating to investment advise and marketing and distribution of third party funds as of the end of the financial year.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 2 November 2020.



## 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") 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 and Amendments to MFRSs which are effective for the financial year beginning on or after 1 January 2019. These new MFRSs and Amendments to MFRSs did not give rise to any significant effect on the financial statements.

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

#### Standards issued but not yet effective:

	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRSs contained in the document entitled " <i>Annual Improvements to MFRS Standards 2018-2020</i> "	1 January 2022
Reference to the Conceptual Framework ( <i>Amendments to MFRS 3 Business Combination</i> )*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use ( <i>Amendments to MFRS 116 Property, Plant and Equipment</i> )*	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract ( <i>Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
Amendments to MFRS 101: <i>Presentation of Financial Statements Classification of Liabilities as Current or Non-Current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i> *	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i> *	1 January 2023

Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture\**

Deferred

\* These MFRS and Amendments to MFRSs 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) Foreign Currency Translation**

Assets and liabilities denominated in foreign currencies are translated into RM at rates of exchange prevailing at the reporting date.

Transactions in foreign currencies are translated into RM at the rates of exchange ruling on the dates of transactions. Exchange differences arising are included in profit or loss.

**(d) 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.

*Financial Assets*

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVTPL") on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) *Financial Assets At Amortised Cost*

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. 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 cash and cash equivalents, amount due from brokers/dealers and other receivables.

(ii) *Financial Assets At FVTPL*

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; or
- (b) It is held within a business model whose objective is to sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category its Permitted Investments. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

*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.

**(e) 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.

**(f) 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 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, amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

**(g) 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, accretion of discount and amortisation of premium are recognised using the effective interest method on an accrual basis.

**(h) 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.

**(i) Cash And Cash Equivalents**

Cash and cash equivalents comprise cash at banks and deposits with licensed financial institutions with original maturities of 3 months or less which have an insignificant risk of changes in value.

**(j) 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.

**(k) 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.

**(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 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. Investments**

	<b>2020 RM</b>	<b>2019 RM</b>
<b>Financial Assets At FVTPL</b>		
Quoted investments		
- Equity securities	<u>1,033,674</u>	<u>2,035,128</u>
<b>Total Investments</b>	<u><u>1,033,674</u></u>	<u><u>2,035,128</u></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**

<b>Quantity</b>	<b>Name Of Counter</b>	<b>Cost RM</b>	<b>Fair Value RM</b>	<b>Fair Value As A % Of NAV %</b>
	<b><u>Malaysia</u></b>			
	<b>Banks</b>			
22,628	CIMB Group Holdings Berhad	<u>115,173</u>	<u>69,694</u>	<u>5.04</u>
	<b>Consumer Services</b>			
18,100	Genting Berhad	<u>111,447</u>	<u>57,558</u>	<u>4.16</u>
	<b>Food, Beverage &amp; Tobacco</b>			
6,000	British American Tobacco Malaysia Berhad	<u>97,173</u>	<u>60,120</u>	<u>4.35</u>
	<b>Materials</b>			
8,400	Petronas Chemicals Group Bhd	<u>60,417</u>	<u>47,124</u>	<u>3.41</u>
	<b>Media &amp; Entertainment</b>			
468,700	Media Chinese International Limited	<u>107,097</u>	<u>70,305</u>	<u>5.08</u>
268,800	Star Media Group Berhad	<u>164,993</u>	<u>84,672</u>	<u>6.12</u>
		<u><u>272,090</u></u>	<u><u>154,977</u></u>	<u><u>11.20</u></u>

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of NAV %
<b>Retaining</b>				
55,900	Aeon Company (M) Berhad	72,353	44,441	3.21
48,200	Bermaz Auto Bhd	97,164	66,516	4.81
		169,517	110,957	8.02
<b>Total Equity Securities - Malaysia</b>		<b>825,817</b>	<b>500,430</b>	<b>36.18</b>
<b>Great Britain</b>				
<b>Energy</b>				
805	Royal Dutch Shell PLC	79,193	40,314	2.92
<b>Hong Kong</b>				
<b>Consumer Services</b>				
8,000	Wynn Macau, Limited	62,696	53,019	3.84
26,000	Wisdom Education International Holdings Co., Ltd.	44,470	40,429	2.92
		107,166	93,448	6.76
<b>Energy</b>				
50,000	China Petroleum & Chemical Corporation	136,033	83,379	6.03
<b>Telecommunication Services</b>				
2,500	China Mobile Limited	94,887	66,288	4.79
<b>Total Equity Securities - Hong Kong</b>		<b>338,086</b>	<b>243,115</b>	<b>17.58</b>
<b>Indonesia</b>				
<b>Energy</b>				
23,500	Indo Tambangraya Megah Tbk PT	99,161	53,340	3.86

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of NAV %
<b><u>Singapore</u></b>				
<b>Diversified Financials</b>				
1,700	Singapore Exchange Limited	43,368	47,176	3.41
<b><u>Energy</u></b>				
3,900	Wilmar International Ltd	52,625	52,043	3.76
<b>Total Equity Securities - Singapore</b>		<b>95,993</b>	<b>99,219</b>	<b>7.17</b>
<b><u>United States of America</u></b>				
<b>Capital Goods</b>				
1,768	General Electric Company	46,902	45,766	3.31
<b>Food, Beverage &amp; Tobacco</b>				
230	Anheuser-Busch InBev SA/NV-SPN ADR	69,725	51,490	3.72
<b>Total Equity Securities - United States of America</b>		<b>116,627</b>	<b>97,256</b>	<b>7.03</b>
<b>TOTAL QUOTED INVESTMENTS</b>		<b>1,554,877</b>	<b>1,033,674</b>	<b>74.74</b>
<b>UNREALISED LOSS FROM QUOTED INVESTMENTS</b>			<b>(521,203)</b>	



**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).

	<b>Level 1 RM</b>	<b>Total RM</b>
<b>2020</b>		
<b>Financial Assets At FVTPL</b>		
Quoted investments	<u>1,033,674</u>	<u>1,033,674</u>
<b>2019</b>		
<b>Financial Assets At FVTPL</b>		
Quoted investments	<u>2,035,128</u>	<u>2,035,128</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.

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Cash at banks:		
- Malaysia	11,652	74,044
- Outside Malaysia	203,217	290,747
	<u>214,869</u>	<u>364,791</u>
Deposits with licensed financial institutions:		
- Commercial bank	<u>150,000</u>	<u>-</u>
Cash and cash equivalents	<u>364,869</u>	<u>364,791</u>

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

	<b>Weighted Average Effective Interest Rate</b>		<b>Weighted Average Remaining Maturity</b>	
	<b>(% Per Annum)</b>		<b>(Days)</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Deposits with licensed financial institutions:				
- Commercial bank	<u>1.65</u>	<u>-</u>	<u>1</u>	<u>-</u>

**6. Amount Due To Manager**

The amount due to manager represents amount payable for units cancelled and amount payable for management fee.

Management fee is payable on a monthly basis and amount payable for units cancelled is 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 two (2) business days of the transaction dates.

**8. Manager's Fee**

The Manager's fee provided in the financial statements is computed at 1.5% (2019: 1.5%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.

**9. Trustee's Fee**

The Trustee's fee provided in the financial statements is computed at 0.06% (2019: 0.06%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM8,400 per annum.

**10. Custodian's Fee**

The custodian's fee provided in the financial statements ranges from 0.01% to 0.3% (2019: 0.01% to 0.3%) per annum, computed based on the NAV attributable to unitholders of the Fund of the respective foreign portfolio at the end of the month.

**11. Portfolio Turnover Ratio**

	<b>2020</b>	<b>2019</b>
Portfolio turnover ratio ("PTR")	<u>1.3 times</u>	<u>2.97 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 NAV 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**

	<b>2020</b>	<b>2019</b>
Management expense ratio ("MER") <sup>1</sup>	<u>3.60%</u>	<u>2.56%</u>

MER is the ratio of expenses of the Fund expressed as a percentage of the average NAV attributable to unitholders of the Fund for the financial year calculated on a daily basis. The MER for the current financial year is higher due to a lower percentage of decrease in expenses compared with the average NAV attributable to unitholders.

<sup>1</sup> The MER does not include brokerage and other transaction fees.

**13. Taxation**

	<b>2020 RM</b>	<b>2019 RM</b>
Malaysian income tax:		
Current financial year's provision	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory rate of taxation of 24% (2019: 24%) of the estimated assessable income for the financial year.

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

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

	<b>2020 RM</b>	<b>2019 RM</b>
Net loss before taxation	<u>(278,769)</u>	<u>(486,730)</u>
Taxation at Malaysian statutory rate of 24%	(66,905)	(116,815)
Tax effects of:		
Income not subject to tax	(15,628)	(23,687)
Losses not subject to tax	60,099	97,208
Expenses not deductible for tax purpose	13,283	27,919
Restriction on tax deductible expenses for unit trust funds	9,151	15,375
Tax expense for the financial year	<u>-</u>	<u>-</u>

**14. Net Asset Value (“NAV”) Attributable To Unitholders**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Unitholders' capital	967,629	1,731,900
Retained earnings		
- Realised reserves	931,941	1,038,229
- Unrealised deficits	<u>(516,606)</u>	<u>(344,125)</u>
NAV attributable to unitholders	<u>1,382,964</u>	<u>2,426,004</u>

The NAV per unit is rounded up to four decimal places.

**15. Number Of Units In Circulation**

	<b>2020</b>	<b>2019</b>
	<b>No. Of Units</b>	<b>No. Of Units</b>
At beginning of the financial year	7,021,533	10,049,000
Creation	25,988	83,661
Cancellation	<u>(2,308,693)</u>	<u>(3,111,128)</u>
At end of the financial year	<u>4,738,828</u>	<u>7,021,533</u>

**16. Units Held By The Manager And Its Related Parties**

There were no units held by the Manager and other related parties during the financial year.

## 17. Transactions With Brokers/Dealers

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

Brokers/Dealers	Value Of Trade <sup>#</sup> RM	% Of Total Trades %	Brokerage Fee* RM	% Of Total Brokerage Fees %
Credit Suisse Securities (Singapore) Pte Ltd	1,363,188	30.08	3,638	29.04
DBS Vickers Securities (Singapore) Pte Ltd	807,489	17.82	2,108	16.83
CGS-CIMB Securities Sdn Bhd	722,466	15.94	2,418	19.30
Instinet LLC	561,786	12.40	303	2.42
RHB Investment Bank Bhd	328,347	7.25	1,220	9.74
Hong Leong Investment Bank Bhd	292,192	6.45	1,118	8.92
UOB Kay Hian Securities (M) Sdn Bhd	205,236	4.53	749	5.98
Maybank Investment Bank Bhd	122,655	2.71	505	4.03
Alliance Investment Bank Berhad	81,731	1.80	290	2.31
Nomura Securities Malaysia Sdn Bhd	46,222	1.02	178	1.43
	<b>4,531,312</b>	<b>100.00</b>	<b>12,527</b>	<b>100.00</b>

<sup>#</sup> Excludes brokerage and other transaction fees.

\* Only applicable to equity securities.

The transactions above are with non related parties.

## 18. 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.

Financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The outcomes of global and local financial markets are highly uncertain and cannot be predicted at this point in time. Due to this, the Manager of the Fund is unable to reliably estimate the quantitative impact of Covid-19 towards the Fund's performance for the next twelve months. The Manager of the Fund will continue to actively monitor the developments in the market to minimise any potential impact to the Fund.

The Fund's market risk is affected primarily by the following risks:

(a) Price Risk

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

The table below summarises the effect on net loss before tax and the NAV attributable to the unitholders of the Fund at the reporting date due to possible changes in equity prices, with all other variables held constant:

Change In Price (%)	Effect On Net Loss Before Tax And NAV Attributable To Unitholders	
	Decrease/(Increase)	Decrease/(Increase)
	2020	2019
	RM	RM
+5/	51,684	101,756
(5)	<u>(51,684)</u>	<u>(101,756)</u>

(b) Interest Rate Risk

This risk refers to the effect of interest rate changes on returns on deposits with licensed financial institutions. In the event of reduction in interest rates, the returns on deposits with licensed financial institutions will decrease thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of deposits with licensed financial institutions.

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

(c) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore subject to foreign exchange risks.

The table below indicates the currencies to which the Fund had significant exposure at the reporting date on its NAV. The analysis shows the currency risk concentration and calculates the effect on NAV attributable to unitholders due to fluctuations in currency rates against the functional currency, with all other variables held constant.

	<b>Currency Risk Concentration</b>		<b>Changes</b>	<b>Effect On</b>	<b>Effect On NAV</b>
	<b>As A % Of</b>		<b>In</b>	<b>Net Loss</b>	<b>Attributable</b>
	<b>NAV</b>		<b>Currency</b>	<b>Before Tax</b>	<b>To Unitholders</b>
			<b>Rates</b>	<b>Decrease</b>	<b>(Increase)</b>
<b>2020</b>	<b>RM</b>		<b>%</b>	<b>RM</b>	<b>RM</b>
HKD	243,116	17.58	+5	(12,156)	12,156
USD	299,639	21.67	+5	(14,982)	14,982
<b>2019</b>					
USD	570,175	23.50	+5	(28,509)	28,509
HKD	387,464	15.97	+5	(19,373)	19,373

An equivalent decrease in the currency rates shown above would have resulted in an equivalent, but opposite impact.



(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 NAV 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 licensed 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 NAV attributable to unitholders are payable 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 NAV. Under such restriction, the risk exposure to the securities of any issuer is minimised.

**19. 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.

**20. 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.



## **BOS WEALTH MANAGEMENT MALAYSIA BERHAD**

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## **INSTITUTIONAL UNIT TRUST ADVISERS**

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<b>RHB Bank Berhad</b> 196501000373 (6171-M)	Tel: 03-9206 8118
<b>iFAST Capital Sdn Bhd</b> 200701024957 (782978-H)	Tel: 03-2149 0600
<b>Phillip Mutual Bhd</b> 200201002746 (570409-K)	Tel: 03-2783 0300
<b>Areca Capital Sdn Bhd</b> 200601021087 (740840-D)	Tel: 03-7956 3111

*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**

Kindly be alert of any email or SMS that requires you to provide your personal information and/or to login to your account via an unsolicited link. Do not click on email links or URLs without verifying the sender of the email. Please ensure the actual internet address is displayed i.e. [www.boswealthmanagement.com.my](http://www.boswealthmanagement.com.my)

If you suspect your account may be compromised and/or would like to seek clarification, please contact us as above.

### **Update of particulars**

Investors are advised to furnish us with updated personal details on a timely basis. You may do so via the E-Service portal at [www.boswealthmanagement.com.my](http://www.boswealthmanagement.com.my). Alternatively, you may call or email us as above.