



**BOS WEALTH
MANAGEMENT**

A subsidiary of Bank of Singapore

PACIFIC CASH FUND

ANNUAL REPORT

For the financial year ended 30 September 2020

CONTENTS

Fund Information	2
Fund Performance	4
Manager's Report	8
Performance Review	
Investment Strategy Review	
Asset Allocation	
Analysis Of Net Asset Value	
Market Review	
Income Distribution	
Unit Split	
Significant Changes In The State Of Affairs Of The Fund	
Circumstances That Materially Affect Interest Of Unitholders	
Soft Commissions	
Report Of The Trustee	12
Statement By The Manager	13
Independent Auditors' Report	14
Statement Of Financial Position	18
Statement Of Comprehensive Income	19
Statement Of Changes In Net Asset Value	20
Statement Of Cash Flows	21
Notes To The Financial Statements	22

FUND INFORMATION

As At 30 September 2020

Name Of Fund	: Pacific Cash Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad (formerly known as Pacific Mutual Fund Bhd) 199501006861 (336059-U)
Launch Date	: 7 October 2005
	The Fund will continue its operations until terminated as provided under Part 12 of the Deed.
Category Of Fund	: Money market
Type Of Fund	: Income
Investment Objective	: Pacific Cash Fund aims to provide regular income [□] potentially higher than prevailing money market and savings rates, stability of capital and a high level of liquidity.
	[□] Income is in reference to the Fund's distribution, which could be in the form of cash or units.
Performance Benchmark:	Since inception to 30 June 2007 – 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR)
	1 July 2007 onwards – Maybank Overnight Repo Rate
Distribution Policy	: Income, if any, will be distributed quarterly. Effective 1 April 2019, income if any will be distributed monthly.
Fund Size	: 1,725.23 million units

Breakdown Of Unitholdings	:	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
		5,000 units & below	27	16.36	0.05
		5,001-10,000 units	17	10.30	0.13
		10,001-50,000 units	49	29.70	1.24
		50,001-500,000 units	55	33.33	7.96
		500,001 units & above	17	10.31	1,715.84
		Total	165	100.00	1,725.23

FUND PERFORMANCE

Financial Highlights

Category	As At 30.9.2020	As At 30.9.2019	As At 30.9.2018
	%	%	%
Fixed Income Securities	-	-	58.92
Cash And Liquid Assets	100.00	100.00	41.08
Total	100.00	100.00	100.00
Net Asset Value (RM'000) – ex-distribution	900,074	765,789	18,653
Number Of Units In Circulation (Units '000)	1,725,235	1,464,043	35,676
Net Asset Value Per Unit (RM)*	0.5218	0.5231	0.5229
Management Expense Ratio (“MER”)	0.32%	0.32%	0.44%
Portfolio Turnover Ratio (times)	Not applicable [#]	0.04	1.46

The Management Expense Ratio for the current financial year remains consistent with that of the previous financial year.

[#] The Fund only has placements with licensed financial institutions.

Notes:

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

* Price quoted is ex-distribution.

Performance Data

	Pacific Cash Fund		Maybank Overnight Repo Rate		
	Total Return	Average Annual Return	Total Return	Average Annual Return	
1 Year's Period (1.10.2019 to 30.9.2020)	2.97%	2.97%	0.97%	0.97%	
3 Years' Period (1.10.2017 to 30.9.2020)	10.16%	3.39%	4.66%	1.55%	
5 Years' Period (1.10.2015 to 30.9.2020)	18.57%	3.71%	8.57%	1.71%	
	1.10.2019 to 30.9.2020	1.10.2018 to 30.9.2019	1.10.2017 to 30.9.2018	1.10.2016 to 30.9.2017	1.10.2015 to 30.9.2016
Pacific Cash Fund					
- Capital Return	-0.25%	0.06%	0.29%	0.33%	0.89%
- Income Return	4.28%	3.41%	3.10%	3.11%	3.13%
- Total Return	2.97%	3.47%	3.40%	3.45%	4.05%
Maybank Overnight Repo Rate	0.97%	1.78%	1.85%	1.75%	1.95%
	1.10.2019 to 30.9.2020	1.10.2018 to 30.9.2019	1.10.2017 to 30.9.2018		
Unit Prices					
Highest NAV (RM)	0.5245	0.5277	0.5267		
Lowest NAV (RM)	0.5218	0.5230	0.5215		

	1.10.2019 to 30.9.2020	1.10.2018 to 30.9.2019	1.10.2017 to 30.9.2018
Distributions			
Gross Distribution Per Unit (sen)	0.16		
	(31.10.2019)		
	0.16		
	(29.11.2019)		
	0.16	0.4	0.4
	(31.12.2019)	(31.12.2018)	(29.12.2017)
	0.155		
	(31.1.2020)		
	0.155		
	(28.2.2020)		
	0.14	0.4	0.4
	(31.3.2020)	(29.3.2019)	(30.3.2018)
	0.13	0.16	
	(30.4.2020)	(30.4.2019)	
	0.13	0.16	
	(29.5.2020)	(31.5.2019)	
	0.125	0.16	0.40
	(30.6.2020)	(28.6.2019)	(29.6.2018)
	0.115	0.16	
	(30.7.2020)	(31.7.2019)	
	0.115	0.16	
	(28.8.2020)	(30.8.2019)	
	0.115	0.16	0.40
	(30.9.2020)	(30.9.2019)	(28.9.2018)

MANAGER'S REPORT
30 September 2020

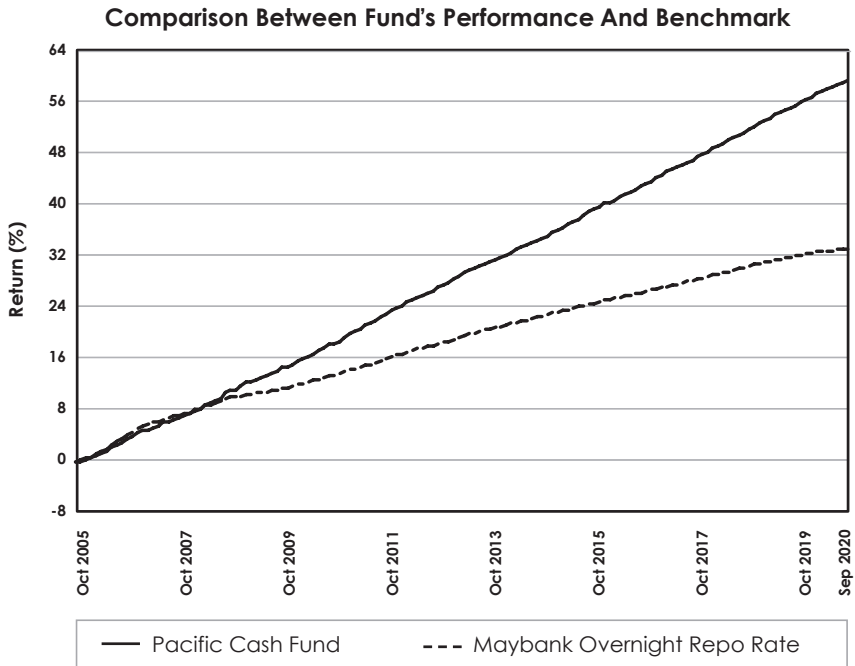
Performance Review

From 10 October 2005 (date of launch: 7 October 2005) to 30 September 2020, the Pacific Cash Fund registered a total return of 59.56%, while its benchmark, the Maybank Overnight Repo rate, rose 33.24%.

For the financial year under review (1 October 2019 to 30 September 2020), the Fund registered a total return of 2.97%. In comparison, its benchmark rose 0.97%.

The Fund has met its investment objective of providing regular income[□] potentially higher than prevailing money market and savings rates, stability of capital and a high level of liquidity.

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



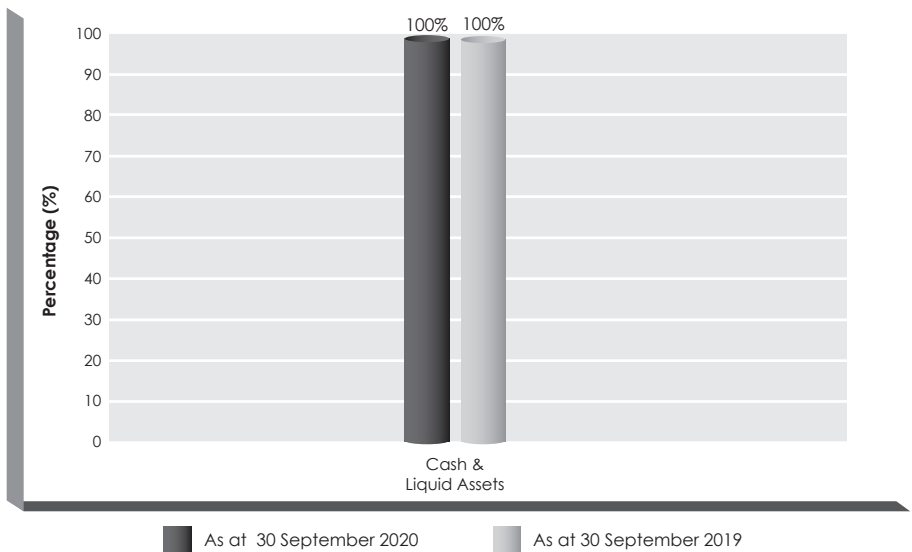
Source: Lipper

Investment Strategy Review

Total NAV of the Pacific Cash Fund increased to RM900,074,248 from RM765,789,228 during the financial year under review to due heavy fund inflows while NAV per unit saw a marginal decline of RM0.5218 from RM0.5231.

As at 30 September 2020, the portfolio was 100% invested in cash deposits. Despite the lower cash rates following the cumulative 125bps OPR cuts, the Fund sustained its outperformance due to its duration lengthening and active management along the maturity spectrum. Fund flows were actively managed to ensure liquidity requirements are met, thus mitigating the risk of early termination of cash deposit placements. Additionally, reinvestments were focused on duration lengthening targeting tenures ranging from 9-12 months in a bid to maintain overall portfolio yield in an environment of declining interest rates.

Asset Allocation



As at 30 September 2020, the Pacific Cash Fund was 100% invested in cash deposits.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Pacific Cash Fund decreased from RM0.5231 to RM0.5218 during the financial year under review. Meanwhile, total NAV of the Fund increased from RM765,789,228 to RM900,074,248 due to heavy fund inflows.

Market Review

Bond Market Review

Optimism on the economic expansion was prevalent at the start of the financial year as the Federal Reserve's (Fed) preferred measure of recession had reversed. The yield curve steepened as yields increased with the Fed subsequently signaled the potential completion of its rate cut cycle. Risk appetite was further buoyed by trade optimism on "Phase 1" deal between US and China. Thereafter, bonds saw renewed buying interest in 1Q2020 due to growing uneasiness surrounding economic implications of the fast-spreading COVID-19 pandemic. Flight to quality bids intensified in 2Q2020 as economic fallout from the pandemic deepened and number of tolls continued to rise. The Fed moved swiftly by bringing the FFTR to 0%-0.25% in two off-cycle meetings and launching an onslaught of measures to relieve funding stresses seen on the ground. Following Fed's prompt action, financial markets saw a broad-based rally despite the pandemic still hanging in the background as investor sentiment improved markedly. Newer and lower levels were clawed into the yield curve with the 10Y yield touching 0.51% on several counts. That said, towards end of the financial year, yields bore the brunt in which the Fed had effectively raised the bar for rate hikes in the medium term with its average inflation targeting framework. Over the period, the 2Y and 10Y Treasuries declined by 149bps and 98bps to 0.13% and 0.68% respectively.

In view of the weaker safe-haven demands coupled with the uptrend in UST yields, local bond yields retreated at the start of the financial year with Bank Negara taking a "wait-and-see" stance on the policy front. However, foreign interest remained piqued as waves of foreign buying had engulfed the market underpinned by the addition of 5Y MGS into the JPMorgan GBI-EM Global Diversified Index in its November rebalancing, causing yields to move marginally lower by 1-3bps coming into end-2019. Thereafter, in line with the downward bias in global interest rates and the consequent search for yields, local yield curve had skidded sharply lower. Vigorous risk-off endeavors were seen with yields touching record lows as investors scrambled for safer assets. In addition, OPR was reduced to a record low of 1.75% in an effort to shore up the economy. Meanwhile, FTSE Russell had decided to keep Malaysia on its watchlist for another six months in its WGBI Index, while acknowledging Bank Negara's initiatives to improve market accessibility to foreign investors. The 3Y and 10Y MGS declined 113bps and 64bps to 1.99% and 2.66% respectively over the financial year in review.

Income Distribution

	<u>Pacific Cash Fund</u>
Gross distribution per unit	1.660 sen (31.10.2019: 0.16 sen 30.11.2019: 0.16 sen 31.12.2019: 0.16 sen 31.1.2020: 0.155 sen 28.2.2020: 0.155 sen 31.3.2020: 0.14 sen 30.4.2020: 0.13 sen 29.5.2020: 0.13 sen 30.6.2020: 0.125 sen 30.7.2020: 0.115 sen 28.8.2020: 0.115 sen 30.9.2020: 0.115 sen)
Net distribution per unit	1.660 sen (31.10.2019: 0.16 sen 30.11.2019: 0.16 sen 31.12.2019: 0.16 sen 31.1.2020: 0.155 sen 28.2.2020: 0.155 sen 31.3.2020: 0.14 sen 30.4.2020: 0.13 sen 29.5.2020: 0.13 sen 30.6.2020: 0.125 sen 30.7.2020: 0.115 sen 28.8.2020: 0.115 sen 30.9.2020: 0.115 sen)

NAV per unit before declaration RM0.5229
(as at 30 September 2020)

NAV per unit after declaration RM0.5218
(as at 30 September 2020)

Unit Split Not applicable

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 did not receive any soft commissions.

REPORT OF THE TRUSTEE

To the Unitholders of **PACIFIC CASH FUND**

We, **MTRUSTEE BERHAD**, being the Trustee of **PACIFIC CASH FUND** ("the Fund"), are of the opinion that in its capacity as Manager of the Fund, **BOS WEALTH MANAGEMENT MALAYSIA BERHAD (formerly known as Pacific Mutual Fund Bhd)** ("the Manager"), has managed the Fund for the financial year ended 30 September 2020 in accordance with the following:

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

For and on behalf of the Trustee

MTRUSTEE BERHAD



NURIZAN JALIL

Chief Executive Officer

Selangor, Malaysia

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 35 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 CASH 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 CASH FUND**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **PACIFIC CASH 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 35.

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

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
2 November 2020

Brandon Bruce Sta Maria

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
Assets			
Interest receivable		10,433,821	9,968,075
Cash and cash equivalents	3	891,845,685	800,939,012
Total Assets		<u>902,279,506</u>	<u>810,907,087</u>
Liabilities			
Amount due to Manager	4	197,018	42,751,179
Other payables		24,219	24,211
Distribution payable	10	1,984,021	2,342,469
Total Liabilities		<u>2,205,258</u>	<u>45,117,859</u>
Net Asset Value ("NAV") Of The Fund		<u>900,074,248</u>	<u>765,789,228</u>
Equity			
Unitholders' capital		884,792,256	754,813,080
Retained earnings		15,281,992	10,976,148
NAV Attributable To Unitholders	11	<u>900,074,248</u>	<u>765,789,228</u>
Total Equity And Liabilities		<u>902,279,506</u>	<u>810,907,087</u>
Number Of Units In Circulation (Units)	12	<u>1,725,234,800</u>	<u>1,464,043,274</u>
Net Asset Value Per Unit (ex-distribution)	11	<u>RM0.5218</u>	<u>RM0.5231</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
Investment Income			
Interest income		25,580,911	13,349,086
Net gain from sale of financial assets at fair value through profit or loss ("FVTPL")		-	1,839
Net unrealised loss on changes in value of financial assets at FVTPL		-	(1,720)
		<u>25,580,911</u>	<u>13,349,205</u>
Expenses			
Audit fee		7,100	7,100
Tax agent's fee		3,000	4,500
Manager's fee	5	2,373,321	1,111,857
Trustee's fee	6	158,221	74,124
Administration expenses		7,367	11,040
		<u>2,549,009</u>	<u>1,208,621</u>
Net Income Before Taxation		23,031,902	12,140,584
Taxation	9	-	-
Net Income After Taxation		<u>23,031,902</u>	<u>12,140,584</u>
Total Comprehensive Income		<u>23,031,902</u>	<u>12,140,584</u>
Total Comprehensive Income Is Made Up As Follows:			
Realised income		23,031,902	12,142,304
Unrealised loss		-	(1,720)
		<u>23,031,902</u>	<u>12,140,584</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

		Unitholders'	Retained	NAV
	Note	Capital	Earnings	Attributable
		RM	RM	To Unitholders
				RM
At 1 October 2018		17,494,883	1,158,334	18,653,217
Net income after taxation		-	12,140,584	12,140,584
Creation of units		899,486,175	-	899,486,175
Cancellation of units		(149,770,115)	-	(149,770,115)
Distribution	10	<u>(12,397,863)</u>	<u>(2,322,770)</u>	<u>(14,720,633)</u>
At 30 September 2019		754,813,080	10,976,148	765,789,228
At 1 October 2019,		754,813,080	10,976,148	765,789,228
Net income after taxation		-	23,031,902	23,031,902
Creation of units		308,683,826	-	308,683,826
Cancellation of units		(172,024,750)	-	(172,024,750)
Distribution	10	<u>(6,679,900)</u>	<u>(18,726,058)</u>	<u>(25,405,958)</u>
At 30 September 2020		884,792,256	15,281,992	900,074,248

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

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

	2020	2019
	RM	RM
Cash Flows From Operating And Investing Activities		
Proceeds from sale of investments	-	19,005,668
Purchase of investments	-	(7,970,424)
Interest received	25,115,164	3,376,932
Manager's fee paid	(2,385,900)	(915,085)
Trustee's fee paid	(159,060)	(61,006)
Payment for other fees and expenses	(16,619)	(21,662)
Net cash generated from operating and investing activities	<u>22,553,585</u>	<u>13,414,423</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	308,683,826	899,541,995
Cash paid on units cancelled	(214,566,331)	(107,220,411)
Distributions paid	(25,764,407)	(12,520,868)
Net cash generated from financing activities	<u>68,353,088</u>	<u>779,800,716</u>
Net Increase In Cash And Cash Equivalents	90,906,673	793,215,139
Cash And Cash Equivalents At Beginning Of Financial Year	800,939,012	7,723,873
Cash And Cash Equivalents At End Of Financial Year	<u>891,845,685</u>	<u>800,939,012</u>
Cash And Cash Equivalents Comprise:		
Cash at banks	129,355,685	45,139,012
Deposits with financial institutions	762,490,000	755,800,000
	<u>891,845,685</u>	<u>800,939,012</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 Cash Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 23 September 2005 as amended by the First Supplemental Deed dated 14 February 2006, Second Supplemental Deed dated 28 June 2007, Supplemental Master Deed dated 22 May 2009, Second Supplemental Master Deed dated 14 December 2009, Third Supplemental Master Deed dated 26 April 2010, Fourth Supplemental Master Deed dated 8 January 2014, Fifth Supplemental Master Deed dated 7 July 2017, Sixth Supplemental Master Deed dated 22 November 2018 and Seventh Supplemental Master Deed dated 22 January 2019 (hereinafter referred to as "the Deeds") made between the Manager, BOS Wealth Management Malaysia Berhad, the Trustee, MTrustee Berhad 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 deposits with financial institutions and money market instruments as approved by the Securities Commission Malaysia. The Fund was launched on 7 October 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 advice 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:

	Effective for annual periods beginning on or after
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) 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 Manager 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, Trustee and other payables. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

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

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

Financial Liabilities

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

(e) Impairment Of Financial Assets

Credit losses are recognised based on the expected credit loss ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL, either on a 12-month or lifetime basis based on the significant increase in credit risk since initial recognition. The impairment model does not apply to equity investments.

Given the limited exposure of the Fund to credit risk, there is no material impact on the Fund's financial statements. For balances which are short-term in nature and with no financing component (e.g. interest receivable, dividend receivable and amount due from brokers/dealers), full impairment will be recognised on uncollected balances after the grace period is exceeded.

(f) Income Recognition

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

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

Interest income, accretion of discount and amortisation of premium are recognised using the effective interest method on an accrual basis.

(g) Unrealised Reserves/(Deficits)

The unrealised reserves/(deficits) represent the net gain or loss arising from carrying quoted investments at their fair value and are recognised in the statement of comprehensive income.

(h) Cash And Cash Equivalents

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

(i) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(j) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(k) Distribution

Distributions made by the Fund are accounted for as a deduction from realised reserves except where distributions are sourced out of distribution equalisation which are accounted for as a deduction from Unitholders' Capital. Distributions are recognised in the Statement of Changes in NAV when they are approved by the Manager and the Trustee.

(l) Unitholders' Capital

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

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

(m) Significant Accounting Estimates And Judgments

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

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

3. Cash And Cash Equivalents

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

	2020 RM	2019 RM
Cash at bank with a financial institution related to the Manager, OCBC Bank (M) Berhad	<u>488,955,685</u>	<u>45,139,012</u>
Deposits with licensed financial institutions:		
- Commercial banks	<u>402,890,000</u>	<u>755,800,000</u>
Cash and cash equivalents	<u>891,845,685</u>	<u>800,939,012</u>

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

	Weighted Average Effective Interest Rate (% Per Annum)		Weighted Average Remaining Maturity (Days)	
	2020	2019	2020	2019
Deposits with licensed financial institutions:				
- Commercial banks	<u>3.07</u>	<u>3.63</u>	<u>134</u>	<u>64</u>

4. 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.

5. Manager's Fee

The Manager's fee provided in the financial statements is computed at 0.3% (2019: 0.3%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis as agreed by the Trustee and the Manager.

6. Trustee's Fee

The Trustee's fee provided in the financial statements is computed at 0.02% (2019: 0.02%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis.

7. Portfolio Turnover Ratio (“PTR”)

	2020	2019
Portfolio turnover ratio (“PTR”)	<u>-*</u>	<u>0.04 times</u>

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

** The Fund only has placements with licensed financial institutions.*

8. Management Expense Ratio (“MER”)

	2020	2019
Management expense ratio (“MER”)	<u>0.32%</u>	<u>0.32%</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 remains consistent with that of the previous financial year.

The MER does not include brokerage and other transaction fees.

9. Taxation

	2020	2019
	RM	RM
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 income before taxation at the statutory rate of taxation to income tax expense at the effective rate of taxation is as follows:

	2020 RM	2019 RM
Net income before taxation	<u>23,031,902</u>	<u>12,140,584</u>
Taxation at Malaysian statutory rate of 24%	5,527,656	2,913,740
Tax effects of:		
Income not subject to tax	(6,139,419)	(3,204,222)
Losses not subject to tax	-	413
Expenses not deductible for tax purpose	39,471	20,383
Restriction on tax deductible expenses for unit trust funds	572,292	269,686
Tax expense for the financial year	<u>-</u>	<u>-</u>

10. Distribution

Distributions paid/payable to unitholders during the financial year are as follows:

Payment Dates	Gross Distribution Per Unit (sen)	Net Distribution Per Unit (sen)	Distribution Amount RM
<u>2020</u>			
1 November 2019	0.160	0.160	2,377,344
3 December 2019	0.160	0.160	2,382,265
2 January 2020	0.160	0.160	2,393,817
3 February 2020	0.155	0.155	2,350,297
2 March 2020	0.155	0.155	2,286,314
1 April 2020	0.140	0.140	2,155,824
30 April 2020	0.130	0.130	2,016,729
29 May 2020	0.130	0.130	2,021,987
30 June 2020	0.125	0.125	1,964,790
31 July 2020	0.115	0.115	1,756,079
28 August 2020	0.115	0.115	1,716,492
1 October 2020	0.115	0.115	1,984,020
Total	<u>1.660</u>	<u>1.660</u>	<u>25,405,958</u>

Payment Dates	Gross Distribution Per Unit (sen)	Net Distribution Per Unit (sen)	Distribution Amount RM
2019			
7 January 2019	0.40	0.40	956,714
4 April 2019	0.40	0.40	950,344
2 May 2019	0.16	0.16	1,089,507
3 June 2019	0.16	0.16	1,744,047
1 July 2019	0.16	0.16	2,505,615
1 August 2019	0.16	0.16	2,548,646
3 September 2019	0.16	0.16	2,583,291
1 October 2019	0.16	0.16	2,342,469
Total	1.76	1.76	14,720,633

	2020 RM	2019 RM
Distribution to unitholders is from the following sources:		
Interest income	20,763,495	2,549,639
Realised gains on sale of investments	-	1,839
Previous financial years' realised income	342,826	-
Distribution equalisation	<u>6,679,900</u>	<u>12,397,863</u>
	<u>27,786,221</u>	<u>14,949,341</u>
Less:		
Expenses	<u>(2,380,263)</u>	<u>(228,708)</u>
	<u>25,405,958</u>	<u>14,720,633</u>
Gross distribution per unit (sen)	1.660	1.76
Net distribution per unit (sen)	1.660	1.76

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

	2020	2019
	RM	RM
Unitholders' capital	884,792,256	754,813,080
- Realised reserves	15,281,992	10,976,148
NAV attributable to unitholders	<u>900,074,248</u>	<u>765,789,228</u>

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

12. Number Of Units In Circulation

	2020	2019
	No. Of Units	No. Of Units
At beginning of the financial year	1,464,043,274	35,675,983
Creation	590,326,564	1,713,909,947
Cancellation	(329,135,038)	(285,542,656)
At end of the financial year	<u>1,725,234,800</u>	<u>1,464,043,274</u>

13. Units Held By The Manager And Its Related Parties

	2020		2019	
	No. Of Units[^]	RM	No. Of Units[^]	RM
Holding Company of the Manager	<u>1,321,370,360</u>	<u>689,491,054</u>	<u>-</u>	<u>-</u>

There were no units held by the Manager.

14. Transactions With Brokers/Dealers

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

Brokers/Dealers	Value Of Trade# RM	% Of Total Trades
China Construction Bank (Malaysia) Berhad	386,990,000	18.69
RHB Bank Bhd	323,900,000	15.64
AmBank (M) Bhd	296,560,000	14.32
RHB Islamic Bank Berhad	186,700,000	9.01
Public Bank Bhd	168,060,000	8.11
AmIslamic Bank Berhad	163,700,000	7.90
Malayan Banking Bhd	111,000,000	5.36
Maybank Islamic Bank Berhad	110,500,000	5.34
Bank Muamalat Malaysia Berhad	108,690,000	5.25
Kenanga Investment Bank Berhad	73,700,000	3.56
Others	141,200,000	6.82
	<u>2,071,000,000</u>	<u>100.00</u>

The transactions above are with non related parties.

15. Financial Risk Management Objectives And Policies

The Fund is exposed to a variety of risks which include market risk, credit risk, liquidity risk, specific risk and single issuer risk.

Financial risk management is carried out through policy reviews, internal control systems and adherence to the investment restrictions as stipulated in the Securities Commission Malaysia's Guidelines on Unit Trust Funds in Malaysia.

(i) Market Risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments. The Fund seeks to diversify some of these risks by investing into various financial institutions and ensuring optimal tenure allocation of deposits with licensed financial institutions.

(a) Interest Rate Risk

This risk refers to the effect of interest rate changes on the 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 the deposits with licensed financial institutions.

(ii) Credit Risk

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

Credit risk is generally arising from cash and cash equivalents and other receivables. The maximum exposure to credit risk is presented in the statement of financial position. None of these balances are impaired. Cash and cash equivalents are placed in 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.

16. Operating Segment

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

17. Capital Management

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

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

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

IMPORTANT NOTICES

Beware of phishing scams

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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. Alternatively, you may call or email us as above.