

PACIFIC SELECT BALANCE FUND

ANNUAL REPORT
For the financial year ended 30 June 2020

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FUND INFORMATION
As At 30 June 2020

Name Of Fund	: Pacific SELECT Balance Fund
Manager Of Fund	: BOS Wealth Management Malaysia Berhad (formerly known as Pacific Mutual Fund Bhd) 199501006861 (336059-U)
Launch Date	: 11 August 2003
	The Fund will continue its operations until terminated as provided under Part 12 of the Deed.
Category Of Fund	: Balanced
Type Of Fund	: Growth and income
Investment Objective	: Pacific SELECT Balance Fund aims to provide medium* to long-term* capital growth and some income [□] by actively allocating its assets among a diversified portfolio of equity and fixed income securities according to market conditions.
	<i>* Medium term is defined as a period of one to three years, and long term is a period of more than three years.</i>
	<i>□ Income is in reference to the Fund's distribution, which could be in the form of cash or units.</i>
Performance Benchmark:	Composite benchmark: Since inception until 5 July 2009 60% Kuala Lumpur Composite Index (KLCI) 40% 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR) From 6 July 2009 onwards 60% FTSE Bursa Malaysia Top 100 Index (FBM 100) 40% 3-Month Kuala Lumpur Interbank Offer Rate (KLIBOR)
Distribution Policy	: Income, if any, will be distributed annually.
Fund Size	: 7.90 million units

Breakdown Of Unitholdings	:	Size Of Holdings	No. Of Unitholders	% Of Unitholders	No. Of Units (million)
		5,000 units & below	3	9.38	0.01
		5,001-10,000 units	2	6.25	0.02
		10,001-50,000 units	15	46.88	0.33
		50,001-500,000 units	10	31.25	0.99
		500,001 units & above	2	6.24	6.55
		Total	32	100.00	7.90

FUND PERFORMANCE

Financial Highlights

Category	As At 30.6.2020	As At 30.6.2019	As At 30.6.2018
Quoted Equity Securities	%	%	%
Automobiles & Components	-	-	0.50
Banks	8.09	16.01	14.60
Capital Goods	4.22	6.40	3.40
Consumer Durables & Apparel	1.50	-	-
Consumer Services	2.43	2.80	1.05
Diversified Financials	5.32	4.22	1.70
Energy	9.50	8.15	3.18
Food, Beverage & Tobacco	3.31	1.28	6.00
Health Care Equipment & Services	6.81	1.01	-
Household & Personal Products	0.29	-	-
Materials	-	0.96	3.33
Real Estate	1.61	-	3.98
Retailing	3.23	3.21	-
Semiconductors & Semi. Equipment	3.33	1.14	-
Technology Hardware & Equipment	-	0.48	-
Telecommunication Services	3.52	2.66	2.89
Transportation	-	-	0.63
Utilities	4.23	5.42	6.58
	57.39	53.74	47.84
Warrants	-	0.35	0.95
Quoted Loan Stocks	-	-	0.61
Fixed Income Securities	27.81	34.66	33.10
Collective Investment Scheme	13.65	9.23	10.03
Cash And Liquid Assets	1.15	2.02	7.47
Total	100.00	100.00	100.00
Net Asset Value (RM'000) - ex distribution	3,379	4,033	4,981
Number Of Units In Circulation (Units '000)	7,901	8,520	10,102
Net Asset Value Per Unit (RM)	0.4277	0.4734*	0.4931*
Management Expense Ratio ("MER") ¹	2.25%	2.27%	2.32%
Portfolio Turnover Ratio (times)	0.70	1.14	1.64

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

¹ 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.

** Price quoted is ex-distribution.*

Performance Data

	Pacific SELECT Balance Fund			Composite Benchmark	
	Total Return	Average Annual Return		Total Return	Average Annual Return
1 Year's Period (1.7.2019 to 30.6.2020)	-8.02%	-8.02%		-4.93%	-4.93%
3 Years' Period (1.7.2017 to 30.6.2020)	-3.47%	-1.16%		-4.93%	-1.64%
5 Years' Period (1.7.2015 to 30.6.2020)	-1.71%	-0.34%		1.90%	0.38%
	1.7.2019 to 30.6.2020	1.7.2018 to 30.6.2019	1.7.2017 to 30.6.2018	1.7.2016 to 30.6.2017	1.7.2015 to 30.6.2016
Pacific SELECT Balance Fund					
- Capital Return	-8.02%	-4.63%	-2.62%	0.40%	-9.74%
- Income Return	0.00%	6.45%	6.15%	5.99%	6.02%
- Total Return	-8.02%	1.52%	3.38%	6.42%	-4.31%
Composite Benchmark	-4.93%	0.89%	-0.89%	6.71%	0.45%
	1.7.2019 to 30.6.2020	1.7.2018 to 30.6.2019	1.7.2017 to 30.6.2018		
Unit Prices					
Highest NAV (RM)	0.4803	0.5140	0.5423		
Lowest NAV (RM)	0.3635	0.4709	0.4931*		
Distributions					
Gross Distribution Per Unit (sen)	-	3.00	3.00		
	(30.6.2020)	(28.6.2019)	(29.6.2018)		
Net Distribution Per Unit (sen)	-	2.16	2.45		
	(30.6.2020)	(28.6.2019)	(29.6.2018)		
Unit Splits	-	-	-		

* Price quoted is ex-distribution price.

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 June 2020

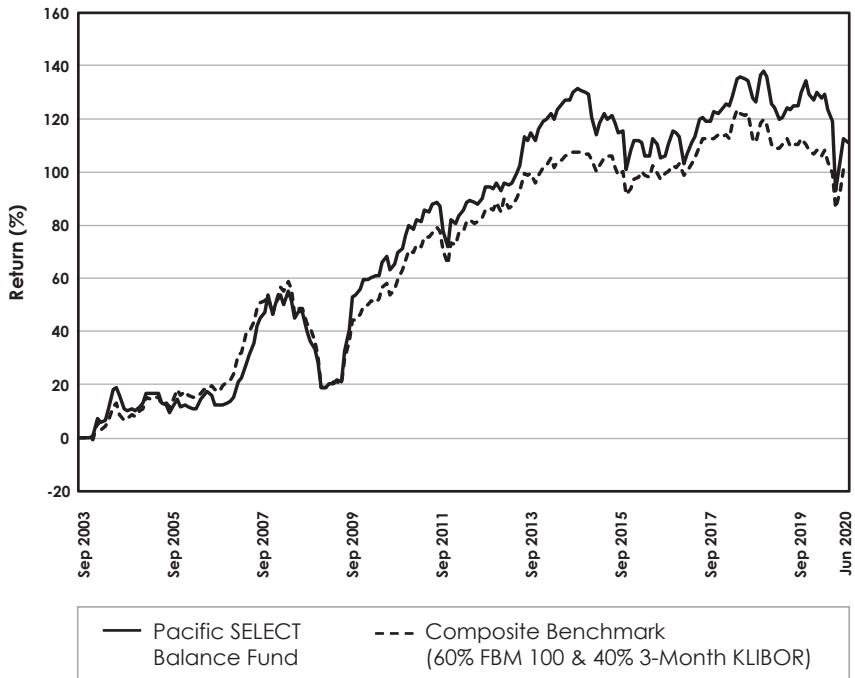
Performance Review

From 2 September 2003 (date of launch: 11 August 2003) to 30 June 2020, the Pacific SELECT Balance Fund registered a total return of 110.71%, while its composite benchmark (60% FTSE Bursa Malaysia Top 100 Index [FBM 100] and 40% 3-Month Kuala Lumpur Interbank Offer Rate [KLIBOR]), rose 101.70%.

For the financial year under review (1 July 2019 to 30 June 2020), the Fund registered a total return of -8.02%. In comparison, its composite benchmark fell 4.93%.

Based on the since inception annual average returns of the Fund, the Pacific SELECT Balance Fund has met its investment objective of providing capital growth and some income.

Comparison Between Fund's Performance And Benchmark



Source: Lipper

Investment Strategy Review

Equity Strategy Review

The financial year under review was eventful with a global selldown in emerging markets and weak domestic earnings setting the tone in the third quarter of 2019 against the backdrop of on-and-off again tensions between US and China. The domestic market was beleaguered further by the failure of a mega-merger to materialise while FTSE Russell kept Malaysia on the watchlist of the World Government Bond Index until the next review in March 2020. Some optimism was stirred in October 2019 by the government's expansionary 2020 Budget, but a proper recovery was derailed by another soft 3Q2019 earnings season plus the slowdown in 3Q2019 GDP growth to 4.4% from 4.9% in 2Q2019. A turning point came in December as strong tailwinds from the Tech and Plantation sectors nudged the Malaysian market upwards, in tandem with the appreciation of other global equities. In this period, the Pacific SELECT Balance Fund maintained a stable level of equity exposure at 56-58%, employing a trading strategy to generate gains.

2020 began on a higher note with the culmination of months of tensions in the form of a Phase 1 deal between US and China. Domestically, the outlook for the year was similarly optimistic with stable oil prices, the onset of mega infrastructure spending, global 5G-related spending and resilient domestic consumer spending to spur sentiment. However the early optimism quickly faded by the end of the first quarter with a trio of negative events hitting the local market; namely an unexpected change in government, the accelerating spread of the COVID-19 coronavirus pandemic and a breakdown in oil cartel cooperation impacting oil prices and economic growth. The Fund cut equity allocation to 50% by the end of March 2020 from 58% at the end of December 2019 in a risk-off move.

Rapid reactions by central banks and governments across the world to provide monetary and fiscal stimulus to stem the drastic economic pressure from pandemic control actions fuelled a rise in equity markets that belied many market participants and economic views. In this context, the Fund gradually raised equity exposure in the second quarter of 2020 to 57% by the end of June 2020, favouring defensive stocks and attractively valued companies.

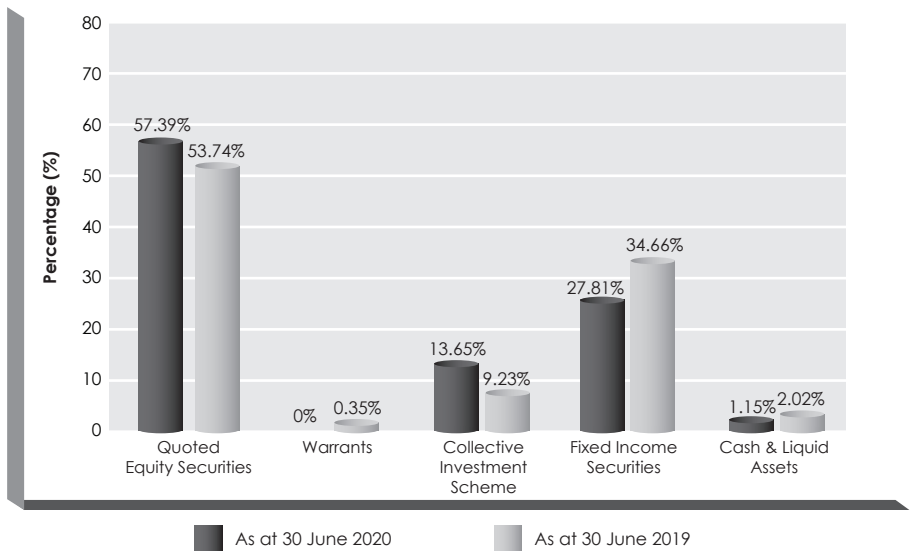
Looking ahead, equity markets remain priced for perfection and volatility is likely to remain elevated notwithstanding the upcoming US elections and continued uncertainties surrounding the prevalence of the COVID-19 coronavirus. The Fund will remain tactical in its asset allocation and stock selection to take advantage of the presently elevated levels of volatility, underscored by the longer-term strategy of favouring good quality businesses with healthy balance sheets.

Fixed Income Strategy Review

As at 30 June 2020, fixed income allocation of the Pacific SELECT Balance Fund decreased to 41.46% from 43.89% a year earlier. Lower allocation was largely due to bond maturities and selected profit-taking activities.

The portfolio fixed income allocation was kept within the range of 40-43% for most of the financial year. Portfolio rebalancing activities were largely focused on liquidity management and maintaining fixed income weightings within its long-term target allocation range. During the period under review, the Fund made modest additions to AA credits in recognition of the yield enhancements as Bank Negara settled further onto its dovish stance by delivering a total of 100bps overnight policy rate cut following the twin shocks of the pandemic and oil-related market collapse.

Asset Allocation



The quoted equity securities allocation of Pacific SELECT Balance Fund increased to 57.39% as at 30 June 2020 from 53.74% recorded at the beginning of the financial year under review due to net equity purchases and positive price movements.

The fixed income securities allocation (inclusive of collective investment scheme) decreased to 41.46% as at 30 June 2020 from 43.89% recorded at the beginning of the financial year under review largely due to bond maturities and selected profit-taking activities.

The 13.65% in collective investment scheme was placed in the Pacific Dana Murni, a sukuk fund managed by the Manager. Such investment is in line with the objective of Pacific SELECT Balance Fund and is an efficient way to manage the exposure of Pacific SELECT Balance Fund in fixed income securities. The exposure of Pacific SELECT Balance Fund in the collective investment scheme is taken into account when assessing the asset allocation of Pacific SELECT Balance Fund in fixed income securities. Management fee on the collective investment scheme managed by the Manager is rebated to the Fund.

Analysis Of Net Asset Value

The net asset value (NAV) per unit of Pacific SELECT Balance Fund decreased from RM0.4734 to RM0.4277 during the financial year under review. Meanwhile, total NAV of the Fund decreased from RM4,033,275 to RM3,378,815 due to fund redemptions and negative market movements.

Market Review

Equity Market Review

The FBMKLCI fell 4.23% quarter-on-quarter (QoQ) in the first quarter of the financial year under review alongside regional markets. Foreign fund flows reversed with net selling of RM3.2 billion, bringing YTD outflows to RM7.9 billion. The decline was led by the Telco sector as it de-rated when the proposed mega merger between Axiata Group and Telenor's Asian operations was called off. Banks were also a drag to the index due to concerns over subdued loan growth and margin contraction. On a positive note, Malaysia did not see exclusion or weightage reduction in the World Government Bond Index from FTSE Russell's September review. However, the country remained on watchlist until its next review in March 2020 – dragging out the near-term overhang.

The FBMKLCI rebounded 0.90% QoQ in the second quarter of the financial year under review as several large-cap stocks closed the year higher on the back of window dressing activities, however the index remained a stark underperformer in 2019 as it ended the year 6% lower year-on-year (YoY). A key event during the quarter was the Budget 2020 announcement which generally met expectations of a slightly more expansionary stance, as the government revised its fiscal deficit target to 3.2% from 3.0%. Stimulatory measures were broad-based from a sectorial perspective, and envisioned to support the government's 2020 GDP growth target of 4.8% (up from 4.7% estimated for 2019). Notably, the Ringgit saw late strengthening to close the year at 4.09 to the US Dollar from 4.18 at end-December. Nevertheless, foreign fund outflows continued with net selling of RM2.7 billion for the quarter, bringing YTD net outflows to RM10.8 billion.

In the third quarter of the financial year under review, the FBMKLCI fell 14% QoQ along with global markets. Investor's confidence declined as the global economy entered into a recession caused by the COVID-19 pandemic. Oil prices suffering from a shock due to the virus outbreak plunged further when OPEC and Russia could not come to an agreement to constrain supply. Uncertainty grew further as local markets had to deal with an untimely political upheaval when the Pakatan Harapan government was replaced by a backdoor coalition formed by oppositions. However, the new government was quick to respond to the severity of the outbreak. It imposed a nationwide lockdown for a month and announced a stimulus package amounting to RM250 billion or 15.5% of the country's GDP. To support economic growth and mitigate the economic impact of COVID-19, Bank Negara Malaysia cut the overnight policy rate by 50 basis points (bps) with 25bps in two occasions.

The FBMKLCI rebounded 12% QoQ in the second quarter of 2020 driven by ample liquidity, rallies in the glove sector and strong retail participation. Despite a spat of discouraging 1Q2020 corporate results, the index entered into a bull market territory as glove manufacturers single-handedly lifted the market. Share prices of glove manufacturers continue to break new highs as investors bet on the higher consumption of glove amidst the pandemic. Separately, Bank Negara cut the overnight policy rate by 50bps in early-May, the most since early 2009, as it seeks to bolster the reopening of the economy. Surprisingly, Malaysia's GDP grew at a slower pace of 0.6% in the 1Q2020, but better than expected on the back of stronger exports and domestic demand. Market sentiment could continue to improve as lockdown measures are reduced and as infection rates of COVID-19 continue to trend downwards.

Bond Market Review

US Treasuries had staged a remarkable rally during the financial year under review as yields drifted into record low levels on the back of five rate cuts from the Federal Open Market Committee (FOMC). Yields were generally coming down in 2H2019 as the Federal Reserve (Fed) had moved with its three “insurance cuts” in order to sustain the economic expansion. Thereafter, bond yields had surged dramatically in 1H2020 underpinned by rising fears from the fast-spreading COVID-19 pandemic. Multiple corporations with global footprints issued profit warnings as disruptions in the global chain had interrupted business activities. In attempt to assuage the ensuing panic, the Fed moved twice by bringing the Federal funds target rate (FFTR) to 0-0.25% in two off-cycle meetings in March 2020. Importantly, the US central bank has also launched an onslaught of measures to support companies' short-term funding needs and to relieve stresses in money markets. Following the Fed's swift actions, credit spreads had started to tighten in April and May despite the pandemic outbreak still hanging in the background as market sentiment improved markedly. Indeed, US financial market saw a broad-based rally heading into end-1H2020. In its latest meeting in June, the FOMC had affirmed its accommodative stance, signaling that FFTR will remain at current range well into 2022 followed by a sobering assessment of the economy. The 2Y and 10Y Treasuries declined by 177 basis points (bps) and 146bps to 0.14% and 0.65% respectively.

In line with downward bias in global interest rates and the consequent search for yields, local government bonds retreated at the start of the financial year under review. Government bonds and government guaranteed bonds plunged by as much as 40bps in August 2019, led by long tenures. Yields subsequently lacked any strong convictions and buying interests only had started to pick up in January, following Monetary Policy Committee's (MPC) surprise overnight policy rate (OPR) cut. Thereafter, interests had deepened further as Bank Negara settled further onto its dovish stance by reducing OPR cumulatively by 75bps in March and May 2020 following the twin shocks of the pandemic and oil-related market collapse. Yields, despite the downtrends, were volatile in 1H2020. Foreign selling was pervasive as greater risk aversion had engulfed the local bond market amid a strong USD and depressed oil prices. Furthermore, Fitch Ratings and subsequently S&P Global Ratings, had lowered the nation's outlook to Negative from Stable whilst affirming Malaysia's long-term foreign currency rating at A-. That said, liquidity remained ample as primary market continued to garner strong demand coverages across the board over the review period. Additionally, Bank Negara was seen engaging in more direct bond purchases this time around due to macro headwinds, albeit not at quantitative easing levels, indicating room for further policy measures. The 3Y MGS yield declined by 115bps to 2.24% while the 10Y MGS yield declined by 92bps to 2.85% over the financial year under review.

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 SELECT BALANCE FUND**

We, **MTRUSTEE BERHAD**, being the Trustee of **PACIFIC SELECT BALANCE 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 June 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 of units of the Fund is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of

MTRUSTEE BERHAD



NURIZAN JALIL

Chief Executive Officer

Selangor, Malaysia

11 August 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 20 to 42 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 SELECT BALANCE FUND** as at 30 June 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
11 August 2020

INDEPENDENT AUDITORS' REPORT

To the Unitholders of **PACIFIC SELECT BALANCE FUND**

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of **PACIFIC SELECT BALANCE FUND** ("the Fund"), which comprise the statement of financial position as at 30 June 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 20 to 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and cash flows for the 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.

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 the 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
11 August 2020



BRANDON BRUCE STA MARIA

No. 02937/09/2021 J
Chartered Accountant

STATEMENT OF FINANCIAL POSITION
As At 30 June 2020

	Note	2020 RM	2019 RM
Assets			
Investments	3	3,339,886	3,951,843
Tax recoverable		17,138	17,138
Dividend receivable		2,452	4,196
Interest receivable		13,020	21,803
Amount due from brokers/dealers	7	9,725	-
Cash and cash equivalents	5	16,543	241,467
		<u>3,398,764</u>	<u>4,236,447</u>
Total Assets			
Liabilities			
Amount due to Manager	6	4,762	4,726
Other payables		15,187	14,297
Distribution payable	13	-	184,149
Total Liabilities		<u>19,949</u>	<u>203,172</u>
Net Asset Value ("NAV") Of The Fund		<u>3,378,815</u>	<u>4,033,275</u>
Equity			
Unitholders' capital		300,176	577,500
Retained earnings		3,078,639	3,455,775
NAV Attributable To Unitholders	14	<u>3,378,815</u>	<u>4,033,275</u>
Total Equity And Liabilities		<u>3,398,764</u>	<u>4,236,447</u>
Number Of Units In Circulation (Units)	15	<u>7,900,841</u>	<u>8,520,237</u>
NAV Per Unit (*ex-distribution)	14	<u>RM0.4277</u>	<u>RM0.4734*</u>

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

STATEMENT OF COMPREHENSIVE INCOME
For The Financial Year Ended 30 June 2020

	Note	2020 RM	2019 RM
Investment (Loss)/Income			
Gross dividends from financial assets at fair value through interest or loss ("FVTPL")		85,104	100,361
Interest income		52,556	75,512
Net loss from sale of financial assets at FVTPL		(113,575)	(71,192)
Net unrealised (loss)/gain on changes in value of financial assets at FVTPL		(291,890)	54,865
		<u>(267,805)</u>	<u>159,546</u>
Expenses			
Audit fee		8,000	8,000
Tax agent's fee		4,200	4,550
Manager's fee	8	50,106	61,935
Trustee's fee	9	9,000	13,500
Brokerage and other transaction fees		26,455	33,495
Administration expenses		11,570	11,318
		<u>109,331</u>	<u>132,798</u>
Net (Loss)/Income Before Taxation		(377,136)	26,748
Taxation	12	-	-
Net (Loss)/Income After Taxation		<u>(377,136)</u>	<u>26,748</u>
Total Comprehensive (Loss)/Income		<u>(377,136)</u>	<u>26,748</u>
Total Comprehensive (Loss)/Income Comprises the Following			
Realised income		(85,246)	(28,117)
Unrealised (loss)/income		(291,890)	54,865
		<u>(377,136)</u>	<u>26,748</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 June 2020

	Note	Unitholders' Capital RM	Retained Earnings RM	NAV Attributable To Unitholders RM
At 1 July 2018		105,343	4,875,413	4,980,756
Net income after taxation		-	26,748	26,748
Creation of units		545,743	-	545,743
Cancellation of units		(1,335,823)	-	(1,335,823)
Distributions	13	1,262,237	(1,446,386)	(184,149)
At 30 June 2019		<u>577,500</u>	<u>3,455,775</u>	<u>4,033,275</u>
At 1 July 2019		577,500	3,455,775	4,033,275
Net loss after taxation		-	(377,136)	(377,136)
Creation of units		462,122	-	462,122
Cancellation of units		(739,446)	-	(739,446)
At 30 June 2020		<u>300,176</u>	<u>3,078,639</u>	<u>3,378,815</u>

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

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

	2020 RM	2019 RM
Cash Flows From Operating And Investing Activities		
Proceeds from sale of investments	2,650,604	5,316,787
Purchase of investments	(2,457,017)	(4,719,354)
Dividends received	66,787	88,910
Interest received	62,637	81,086
Manager's fee paid	(50,956)	(63,179)
Trustee's fee paid	(8,995)	(14,245)
Payment for other fees and expenses	(27,398)	(25,791)
Net cash generated from operating and investing activities	<u>235,662</u>	<u>664,214</u>
Cash Flows From Financing Activities		
Cash proceeds from units created	462,122	585,966
Cash paid on units cancelled	(738,559)	(1,335,823)
Distributions paid	(184,149)	(247,735)
Net cash used in financing activities	<u>(460,586)</u>	<u>(997,592)</u>
Net Decrease In Cash And Cash Equivalents	(224,924)	(333,378)
Cash And Cash Equivalents At Beginning Of Financial Year	241,467	574,845
Cash And Cash Equivalents At End Of Financial Year	<u>16,543</u>	<u>241,467</u>
Cash And Cash Equivalents Comprise:		
Cash at banks	16,543	21,467
Money market instruments	-	220,000
	<u>16,543</u>	<u>241,467</u>

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

1. The Fund, The Manager And Their Principal Activities

Pacific SELECT Balance Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Master Deed dated 4 August 2003 as amended by the First Supplemental Deed dated 23 September 2005, 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 stocks and shares of companies quoted on Bursa Malaysia Securities Berhad, fixed income securities and money market instruments as approved by the Securities Commission Malaysia. The Fund was launched on 11 August 2003 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 11 August 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"), the Deeds, the Securities Commission'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:

Description	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i> *	1 January 2021
Amendments to MFRS 101: <i>Presentation of Financial Statement Classification of Liabilities as Current or Non-Current</i>	1 January 2022
Amendments to MFRSs contained in the document entitled " <i>Annual Improvements to MFRS Standards 2018-2020</i> "	1 January 2022
Reference to the <i>Conceptual Framework (Amendments to MFRS 3 Business Combination)</i> *	1 January 2022
<i>Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)</i> *	1 January 2022
<i>Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)</i>	1 January 2022

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.

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at 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.

Financial Assets

(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.

(iii) *Financial Assets At FVTPL*

A financial asset is measured at fair value through interest or loss ("FVTPL") 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 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 interest or loss.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in interest 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 fair value through interest or loss ("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 and fixed income securities 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 placements in money market instruments 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) Distributions

Distributions made by the Fund are accounted for as a deduction from realised reserves except where distributions are sourced out of distribution equalisation which are accounted for as a deduction from unitholders' capital. Distributions are recognised in the statement of changes in net asset value when they are approved by the Manager and the Trustee.

(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

	2020 RM	2019 RM
Financial Assets At FVTPL		
Fixed income securities	939,635	1,397,879
Quoted investments:		
- Equity securities	1,938,974	2,167,431
- Warrants	-	14,290
- Collective investment scheme	461,277	372,243
	<u>2,400,251</u>	<u>2,553,964</u>
Total Investments	<u>3,339,886</u>	<u>3,951,843</u>

FIXED INCOME SECURITIES

The composition of fixed income securities at the reporting date is as detailed below:

Name Of Counter	Credit Rating	Nominal Value RM	Cost RM	Fair Value RM	Fair Value As A % Of NAV
Alpha Circle Sdn Bhd	AA-	127,000	127,000	131,641	3.90
BEWG (M) Sdn. Bhd.	AA	350,000	350,031	350,339	10.37
WCT Holdings Berhad	AA-	450,000	450,280	457,655	13.54
		<u>927,000</u>	<u>927,311</u>	<u>939,635</u>	<u>27.81</u>

UNREALISED GAIN FROM FIXED INCOME SECURITIES

12,324

EQUITY SECURITIES

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.

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of NAV %
Banks				
40,000	Alliance Bank Malaysia Berhad	141,450	87,200	2.58
14,100	BIMB Holdings Berhad	51,005	48,222	1.43
6,000	Hong Leong Financial Group Berhad	114,856	78,600	2.32
7,912	Malayan Banking Berhad	73,227	59,419	1.76
		380,538	273,441	8.09
Capital Goods				
121,000	HPMT Holdings Berhad	50,231	41,140	1.22
60,000	Kumpulan Perangsang Selangor Berhad	62,101	30,900	0.91
10,300	Pentamaster Corporation Berhad	37,890	53,045	1.57
36,600	WCT Holdings Berhad	41,989	17,568	0.52
		192,211	142,653	4.22
Consumer Durables & Apparel				
24,200	Magni-Tech Industries Berhad	46,850	50,820	1.50
Consumer Services				
20,000	Genting Berhad	125,707	82,000	2.43
Diversified Financials				
24,700	Bursa Malaysia Bhd	159,480	179,816	5.32
Energy				
24,300	Dialog Group Berhad	82,186	87,723	2.60
54,480	Serba Dinamik Holdings Berhad	97,552	89,892	2.66
398,500	Velesto Energy Berhad	119,543	57,782	1.71
14,500	Yinson Holdings Berhad	77,180	85,550	2.53
		376,461	320,947	9.50

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of NAV %
Food, Beverage & Tobacco				
27,600	Guan Chong Bhd	64,750	73,416	2.17
1,700	Heineken Malaysia Berhad	36,242	38,352	1.14
		100,992	111,768	3.31
Health Care Equipment & Services				
224,400	Focus Point Holdings Bhd	110,889	93,126	2.76
11,287	Supermax Corporation Berhad	67,657	90,296	2.67
2,900	Top Glove Corporation Bhd	45,875	46,690	1.38
		224,421	230,112	6.81
Household & Personal Products				
20,200	Karex Berhad	10,732	9,797	0.29
Real Estate				
33,600	Sunway Real Estate Investment Trust	53,728	54,432	1.61
Retailing				
40,000	Bermaz Auto Bhd	90,539	59,200	1.75
73,400	Mynews Holdings Berhad	96,880	49,912	1.48
		187,419	109,112	3.23
Semiconductors & Semi. Equipment				
26,800	Globetronics Technology Berhad	53,424	57,352	1.70
5,000	Malaysian Pacific Industries Berhad	55,637	55,000	1.63
		109,061	112,352	3.33
Telecommunication Services				
21,774	Axiata Group Berhad	101,174	77,298	2.29
10,000	Telekom Malaysia Berhad	42,700	41,500	1.23
		143,874	118,798	3.52

Quantity	Name Of Counter	Cost RM	Fair Value RM	Fair Value As A % Of NAV %
Utilities				
12,300	Tenaga Nasional Berhad	167,041	142,926	4.23
Total Equity Securities		<u>2,278,515</u>	<u>1,938,974</u>	<u>57.39</u>
COLLECTIVE INVESTMENT SCHEME				
827,255	Pacific Dana Murni*	446,782	461,277	13.65
TOTAL QUOTED INVESTMENTS		<u>2,725,297</u>	<u>2,400,251</u>	<u>71.04</u>
UNREALISED LOSS FROM QUOTED INVESTMENTS			<u>(325,046)</u>	

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).

	Level 1 RM	Level 2 RM	Total RM
2020			
Financial Assets At FVTPL			
Fixed income securities	-	939,635	939,635
Quoted investments	<u>2,400,251</u>	<u>-</u>	<u>2,400,251</u>
2019			
Financial Assets At FVTPL			
Fixed income securities	-	1,397,879	1,397,879
Quoted investments	<u>2,553,964</u>	<u>-</u>	<u>2,553,964</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 placements in money market instruments.

	2020 RM	2019 RM
Cash at banks	16,543	21,467
Deposits with licensed financial institutions:		
- Commercial bank	-	220,000
Cash and cash equivalents	<u>16,543</u>	<u>241,467</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 bank	-	2.95	-	1

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 ten (10) days of the transaction dates.

7. Amount Due From Brokers/Dealers

The amount due from brokers/dealers relates to disposal of investments which remain outstanding at the reporting date. These are normally received 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 1.50% (2019: 1.50%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis net of Manager's fee rebate on the collective investment schemes as agreed by the Trustee and the Manager as follows:

Name of Fund	Rate p.a.
Pacific Dana Murni	1.00%

9. Trustee's Fee

The Trustee's fee provided in the financial statements is computed at 0.03% (2019: 0.07%) per annum of the NAV attributable to unitholders of the Fund, calculated on a daily basis, subject to a minimum fee of RM9,000 per annum. Effective from 1 January 2019, the Trustee's fee was revised to 0.03% per annum, subject to a minimum fee of RM9,000 per annum.

10. Portfolio Turnover Ratio ("PTR")

	2020	2019
Portfolio turnover ratio ("PTR")	<u>0.7 times</u>	<u>1.14 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.

11. Management Expense Ratio ("MER")

	2020	2019
Management expense ratio ("MER") ¹	<u>2.25%</u>	<u>2.27%</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.

¹ The MER does not include brokerage and other transaction fees.

12. Taxation

	2020 RM	2019 RM
Malaysian income tax:		
Current financial year's provision	-	-

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)/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 (loss)/income before taxation	(377,136)	26,748
Taxation at Malaysian statutory rate of 24%	(90,513)	6,420
Tax effects of:		
Income not subject to tax	(33,038)	(55,377)
Loss not subject to tax	97,312	17,086
Expenses not deductible for tax purpose	10,564	13,298
Restriction on tax deductible expenses for unit trust funds	15,675	18,573
Tax expense for the financial year	-	-

13. Distributions

	2020 RM	2019 RM
Net final distribution on 4 April 2019	-	184,149
Distribution to unitholders is from the following sources:		
Previous financial years' realised income	-	2,279,282
Distribution equalisation	-	(1,262,237)
	-	1,017,045
Less:		
Expenses	-	(761,438)
Taxation	-	(71,458)
	-	184,149
Gross distribution per unit (sen)	-	3.00
Net distribution per unit (sen)	-	2.16

The unrealised loss arising from investments in 2020 is RM312,722 (2019: RM20,833).

14. Net Asset Value ("NAV") Attributable To Unitholders

	2020 RM	2019 RM
Unitholders' capital	300,176	577,500
Retained earnings		
- Realised reserves	3,391,362	3,476,608
- Unrealised deficits	(312,723)	(20,833)
NAV attributable to unitholders	3,378,815	4,033,275

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

15. Number Of Units In Circulation

	2020 No. Of Units	2019 No. Of Units
At beginning of the financial year	8,520,237	10,102,000
Creation	990,333	1,118,395
Cancellation	(1,609,729)	(2,700,158)
At end of the financial year	7,900,841	8,520,237

16. Units Held By The Manager And Its Related Parties

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

17. 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	Brokerage Fee* RM	% Of Total Brokerage Fees
RHB Investment Bank Bhd	859,388	20.97	3,112	18.88
CIMB Investment Bank Bhd	825,323	20.14	3,323	20.16
Hong Leong Investment Bank Bhd	751,417	18.33	3,185	19.32
Maybank Investment Bank Bhd	702,496	17.14	2,906	17.61
UOB Kay Hian Securities (M) Sdn Bhd	585,449	14.29	2,549	15.46
Alliance Investment Bank Berhad	182,057	4.44	601	3.65
Credit Suisse Securities (Singapore) Pte Ltd	108,329	2.64	485	2.94
Nomura Securities Malaysia Sdn Bhd	83,856	2.05	327	1.98
	4,098,315	100.00	16,488	100.00

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.

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 the net (loss)/income before tax and NAV attributable to the unitholders of the Fund at the reporting date due to possible changes in prices, with all other variables held constant:

Change In Price (%)	Effect On Net (Loss)/Income Before Tax And NAV Attributable To Unitholders	
	Decrease/(Increase)	Increase/(Decrease)
	2020	2019
	RM	RM
+5	120,013	127,698
(5)	<u>(120,013)</u>	<u>(127,698)</u>

(b) Interest Rate Risk

This risk refers to the effect of interest rate changes on the market value of fixed income securities and 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 which price of fixed income securities will increase, thus affecting the NAV of the Fund. This risk will be minimised via the management of the duration structure of the portfolio of fixed income securities and deposits with licensed financial institutions.

The Fund's exposure to interest rate risk with respect to fixed income securities and 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.

(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 interest for the Fund resulting in a reduction in the Fund's asset value 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.

Fixed income securities are either government-guaranteed or rated by RAM Rating Services Berhad ("RAM") or Malaysian Rating Corporation Berhad ("MARC").

The following table analyses the Fund's portfolio of fixed income securities by rating categories at the reporting date:

2020

RAM Credit Rating	MARC Credit Rating	As A % Of NAV
-	AA	10.37
-	AA-	17.44
		27.81

2019

RAM Credit Rating	MARC Credit Rating	As A % Of NAV
-	AA	8.77
-	AA-	15.96
A1	-	9.93
		34.66

(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 repayable 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.

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BOS WEALTH MANAGEMENT MALAYSIA BERHAD

(formerly known as Pacific Mutual Fund Bhd) 199501006861 (336059-U)

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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

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

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.