

# PRODUCT HIGHLIGHTS SHEET

## PACIFIC DIVIDEND FUND

### RESPONSIBILITY STATEMENT

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

### STATEMENT OF DISCLAIMER

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

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

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

### PRODUCT HIGHLIGHTS SHEET

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

### BRIEF INFORMATION ON THE PRODUCT

#### 1. What Is This Product About?

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

### PRODUCT SUITABILITY

#### 2. Who Is This Product Suitable For?

An investor who is seeking a steady income<sup>□</sup> stream with returns higher than fixed deposit rates<sup>^</sup> and potential for capital growth over the medium to long term.

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

<sup>^</sup> 12-month fixed deposit rate of Maybank.

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

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

<b>Fund Category</b>	Equity
<b>Fund Type</b>	Growth and income
<b>Base Currency</b>	Ringgit Malaysia (RM)
<b>Distribution</b>	Income, if any, will be distributed twice a year.
<b>Financial Year End</b>	31 December
<b>Issuance Date</b>	18 November 2003
<b>Issuance Price</b>	RM0.5000

**INVESTMENT OBJECTIVE**

The Fund aims to provide steady recurring income<sup>□</sup> that is potentially higher than prevailing fixed deposit rates by investing in a portfolio of stocks that are paying or have the potential to pay attractive dividend yields.

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

**INVESTMENT POLICY AND STRATEGY**

To attain the Fund's objective of generating attractive income and capital gains, the Fund will invest in a diversified portfolio of equity and fixed income instruments. The Fund will attempt to exceed the prevailing 12-month fixed deposit rates published by leading banks or Bank Negara Malaysia by investing in a portfolio of equities and fixed income instruments whose average yields and capital gains could potentially generate such returns. If we cannot identify suitable equities with attractive current or potential future dividend yields, monies will be parked in fixed income instruments with attractive yields.

Stock selection will not be based solely on existing high dividend criteria. In the search for high dividend-yielding stocks, we will also undertake fundamental analysis to determine the future prospects of prospective investee companies, the prospects of the industries they are operating in and the overall macroeconomic picture. These factors in turn have a bearing on the future dividends paid by these companies. A key component is to identify those companies which may not have a dividend track record, but may be in a position to undertake a dividend payment. Notwithstanding the investment objective of the Fund, we may from time to time, in light of existing economic conditions, temporarily invest in fixed income securities or other liquid assets to protect the capital of the Fund.

**Asset Allocation**

The Fund may invest up to 100% (minimum equity allocation is 70%) of its NAV in equities and equity-related securities but this may be reviewed from time to time depending on the economic and stock market conditions. Maximum fixed income allocation is set at 30% of the Fund's NAV. An internal allocation for cash and other liquid assets will be maintained to ensure that the Fund is able to meet redemption requests without jeopardising the Fund's performance.

The asset allocation may be reduced to below the minimum level or increased above the maximum level indicated at our discretion depending on the market, economic, political or other conditions. Such conditions or exceptional circumstances would include but not limited to:

- Situations where there is an expected sharp downturn in the equity market.
- When there is high risk of capital loss on fixed income instruments due to interest rate fluctuations.
- When there is insufficient liquidity in either equity or fixed income instruments for the Fund to transact efficiently.
- When there is insufficient fund assets to form an efficient portfolio.
- When there is redemption affecting the liquidity position of the Fund.

The balance of the Fund's NAV that is not invested in equities and equity-related securities, will be invested in fixed income securities and money market instruments.

**• Equity Investment Strategy**

The Fund may invest up to 100% of its assets in stocks that have a consistent dividend policy (i.e. having paid dividends three out of the last five years), historical or expected dividend yield and potential for capital growth, that is on average higher than the prevailing 12-month fixed deposit rate as published by leading banks or Bank Negara Malaysia. The balance will be invested in high-yielding fixed income instruments. The Fund will only invest up to its maximum equity allocation of 100% when there are sufficient high yielding or potentially high-yielding dividend stocks available. During bull markets and where overall dividend yields\* can be low relative to bank deposit returns, the Fund will increase its holding of fixed income instruments while reducing its equity weightage. As market prices rise, the dividend yields would drop and if stock prices are overly bullish (rise too much), the dividend yields could drop to well below prevailing deposit returns/rates.

\* Dividend yield = Fixed dividend/Market price

The Fund will be restricted to the following:

- A minimum of 70%\*\* of the invested equity or equity-related securities has to be invested in securities with a track record of having paid dividends three out of the last five years.
- A maximum of 30%\*\* of the invested equity or equity-related securities can be invested in securities with the potential to pay dividends within the next 12-month period.

\*\* This 70:30 allocation refers only to the portion of investment in equity.

A small portion of the Fund may be used for short-term trading, when opportunities arise. Opportunities will include but are not limited to arbitrage situations, discrepancies in valuation, expected liquidity surges and thematic plays. When there are no opportunities, the Fund will not conduct any short-term trading.

• **Fixed Income Investment Strategy**

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

**Performance Benchmark**

Since inception to 5 July 2009	Kuala Lumpur Composite Index (KLCI)
6 July 2009 onwards	FTSE Bursa Malaysia Top 100 Index (FBM 100)

The benchmark for the Fund or such other equivalent index as may be substituted by Bursa Malaysia Securities Berhad is widely used and publicly available from major newspapers on a daily basis. It will also be published as a comparison against the Fund's total return at least on a monthly basis in our publications and on our website.

In view of the cessation of Kuala Lumpur Composite Index (KLCI) on 6 July 2009, the Fund's benchmark was replaced with FTSE Bursa Malaysia Top 100 Index (FBM 100). The adoption of the new benchmark is based on the following rationales:

- It provides a more accurate base of comparison against the Fund's performance;
- It is more diversified with 100 constituents and the weight of the largest constituent is 8%; and
- It is a more appropriate benchmark in regards to the current Fund's objective and investment strategy.

**3. (b) Who Am I Investing With?**

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

**4. What Are The Possible Outcomes Of My Investment?**

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

**KEY RISKS**

**5. What Are The Key Risks Associated With This Product?**

**SPECIFIC RISK OF THE FUND**

**Dividend policy risk** – This is a risk particular to the Fund which has heavy focus on high dividend yielding stocks. This risk may occur when an investee company's business or fundamentals deteriorate or if there is a change in the management policy resulting in a lower or even a removal of the company's dividend policy. This risk may be mitigated by investing mainly in companies with a consistent historical record of paying dividends, strong cash flow or operate in fairly stable industries.

**PRINCIPAL RISKS OF THE FUND**

- **Company specific risk** – This risk refers to the individual risk of the respective companies issuing securities. This risk could be a result of changes to the business performance of the company, consumer tastes and demand, lawsuits, competitive operating environment and management practices. Developments in a particular company which the Fund has invested in would result in fluctuations in the share price of that company and thus the value of the Fund's investments. This risk is mitigated by diversification in a portfolio comprised of stocks of many companies.

In addition, this risk may occur when an investee company's business or fundamentals deteriorate or if there is a change in management policy resulting in a downward revision or even removal of the company's dividend policy. Such events may result in an overall decrease in dividend income received by the Fund and possible capital loss due to a drop in the share price of a company that cuts or omits its dividend payments. This risk may be mitigated by investing mainly in companies with a consistent historical record of paying dividends, strong cash flow, or operating in fairly stable industries.

- **Liquidity risk** – This risk occurs in thinly traded or illiquid securities. If the Fund needs to sell a relatively large amount of such securities, the act itself may significantly depress the selling price resulting in a decrease in the value of the Fund's assets. The Fund is managed in such a way that a portion of the investments is in equity securities and money market instruments that are highly liquid and this allows the Fund to meet sizeable redemptions without jeopardising potential returns.
- **Market risk** – This risk refers to developments in the equity market environment which typically includes changes in regulations, politics, technology and the economy of the country. Market developments can result in equity market fluctuations which in turn affect the Fund's underlying investments and hence its unit price. In terms of the Fund's concentration in a single equity market\*, this risk is reduced by undertaking active\* asset allocation, where in periods of heightened risk, there will be greater allocation in fixed income securities / sukuk and Islamic money market instruments and cash.

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

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

**FEES AND CHARGES**
**6. What Are The Fees And Charges Involved?**

<b>Sales Charge</b>	5.00% of the Fund's NAV per unit.  Investors may negotiate for a lower sales charge.
<b>Annual Management Fee</b>	Up to 1.50% p.a. of NAV of the Fund.  The annual management fee is payable on a monthly basis.
<b>Annual Trustee Fee</b>	Up to 0.07% p.a. of the NAV of the Fund calculated and accrued on a daily basis, subject to a minimum of RM18,000 p.a.  The annual trustee fee is payable on a monthly basis.
<b>Redemption Fee</b>	Nil
<b>Switching Fee</b>	The Manager does not intend to charge any switching fee; however, under certain circumstances, unitholders performing a switching transaction will have to pay the applicable difference in sales charge between the funds to be switched from and the funds to be switched into. Please refer to the master prospectus for the terms and conditions of the switching facility of the Fund.
<b>Transfer Fee</b>	Nil

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

***All fees and charges quoted are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities from time to time.***

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

**VALUATIONS AND EXITING FROM INVESTMENT**

**7. How Often Are Valuations Available?**

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

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

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

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

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

**FUND PERFORMANCE (for the financial year ended 31 December)**

Source of fund performance: Lipper for Investment Management  
Source of benchmark performance: Bloomberg

**9. Portfolio Structure**

	2017	2016	2015
<b>Quoted Equity Securities</b>	87.38%	95.08% <sup>#</sup>	98.79% <sup>*</sup>
<b>Fixed Income Securities</b>	1.46%	1.91% <sup>#</sup>	5.02% <sup>*</sup>
<b>Cash &amp; Liquid Assets</b>	7.71%	-0.03%	-3.88%
<b>Warrants</b>	-	-	0.07% <sup>*</sup>
<b>Collective Investment Scheme</b>	3.45%	3.04% <sup>#</sup>	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Remarks</b>	<p>The quoted equity securities allocation of Pacific Dividend Fund decreased to 87.38% as at 31 December 2017 from 95.08% recorded in the financial year ended 2016 due to net selling activities of the Fund.</p> <p><sup>#</sup> The combined percentage rose to 100.03% of the net asset value post income distribution. This was subsequently reduced to 99.00% on 3 January 2017.</p> <p>The quoted equity securities allocation of Pacific Dividend Fund decreased to 95.08% as at 31 December 2016 from 98.79% recorded in the financial year ended 2015 due to net equity sales.</p> <p><sup>*</sup> The combined percentage rose to 103.88% of the net asset value post income distribution. This was subsequently reduced to 99.17% on 6 January 2016.</p>		

**10. Performance Data**

**Total Annual Return**

	1.1.2017 To 31.12.2017	1.1.2016 To 31.12.2016	1.1.2015 To 31.12.2015	1.1.2014 To 31.12.2014	1.1.2013 To 31.12.2013	1.1.2012 To 31.12.2012	1.1.2011 To 31.12.2011	1.1.2010 To 31.12.2010	1.1.2009 To 31.12.2009	1.1.2008 To 31.12.2008
<b>Pacific Dividend Fund</b>	10.53%	-2.29%	-4.17%	-3.84%	15.45%	10.19%	1.53%	22.48%	43.42%	-29.14%
<b>Benchmark<sup>^</sup></b>	12.74%	-2.45%	-2.89%	-6.17%	11.39%	9.60%	1.94%	21.76%	44.91%	-39.33%

<sup>^</sup> FTSE Bursa Malaysia Top 100 Index (FBM 100)

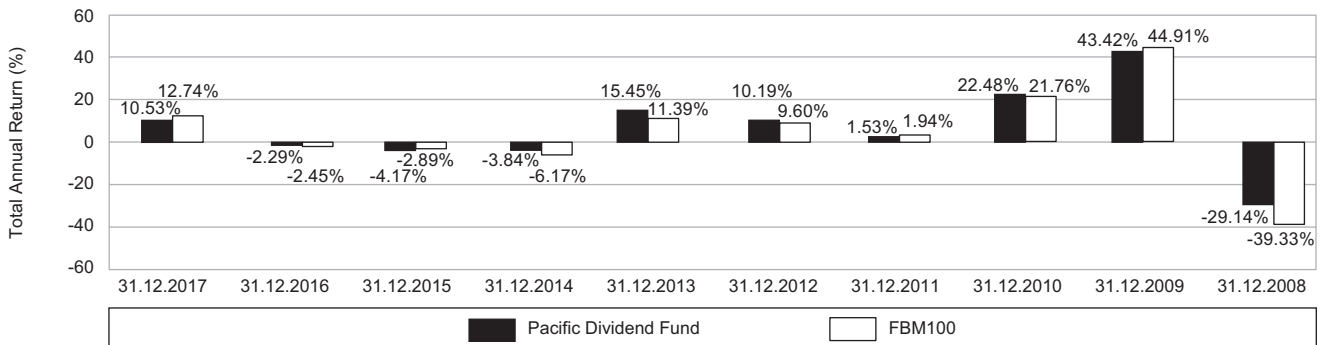
**Average Annual Return**

	1 Year's Period 1.1.2017 To 31.12.2017	3 Years' Period 1.1.2015 To 31.12.2017	5 Years' Period 1.1.2013 To 31.12.2017	10 Years' Period 1.1.2008 To 31.12.2017
<b>Pacific Dividend Fund</b>	10.53%	1.17%	2.98%	6.00%
<b>Benchmark<sup>^</sup></b>	12.74%	2.26%	2.32%	3.35%

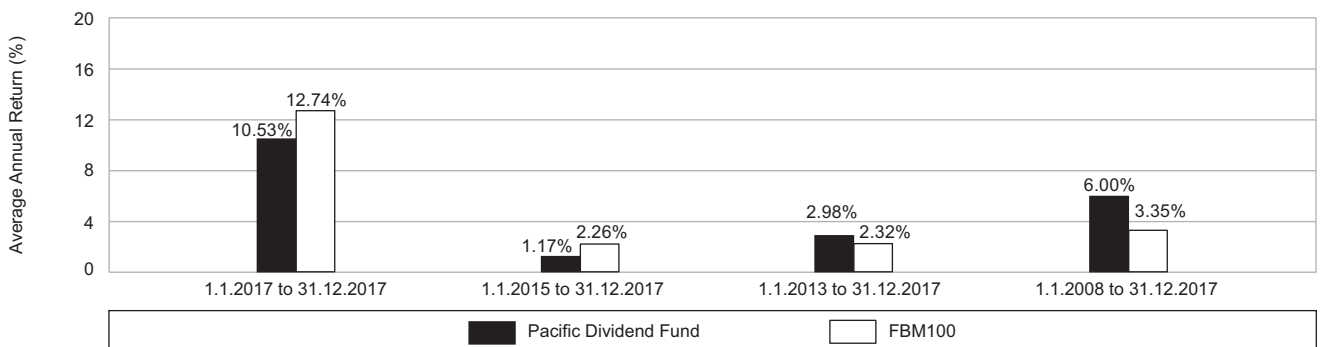
<sup>^</sup> FTSE Bursa Malaysia Top 100 Index (FBM 100)

**11. Performance Chart**

**Total Annual Return**



**Average Annual Return**



Basis of calculation and assumptions made in calculating the returns:

$$* \text{ Percentage growth} = \frac{\text{NAV}_t - \text{NAV}_{t-1}}{\text{NAV}_{t-1}}$$

where t = current year  
t-1 = previous year

**12. Distribution**

	2017	2016	2015
<b>Gross Distribution Per Unit (sen)</b>	5.00	5.00	5.00
<b>Net Distribution Per Unit (sen)</b>	4.87	4.86	4.88

Distribution is in the form of cash.

**13. Unit Split**

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

**14. Portfolio Turnover Ratio (PTR)**

	2017	2016	2015
<b>PTR (times)</b>	0.82	0.61	0.49
<b>Remarks</b>	The PTR for the financial year ended 31 December 2017 was higher compared with the financial year ended 31 December 2016 due to the increase in investing activities.  The PTR for the financial year ended 31 December 2016 was higher compared with the financial year ended 31 December 2015 due to the increase in investing activities.		

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

**CONTACT INFORMATION**
**15. Who Should I Contact For Further Information Or To Lodge A Complaint?**
**Contact Details Of The Manager**

<b>Head Office</b>	<b>Pacific Mutual Fund Bhd</b> (336059-U) A member of the OCBC Group 1001, Level 10, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Tel: 03-7725 9877 Fax: 03-7725 9860 E-mail: <a href="mailto:customercare@pacificmutual.com.my">customercare@pacificmutual.com.my</a> Website: <a href="http://www.pacificmutual.com.my">www.pacificmutual.com.my</a>
<b>Branches</b>	<b>Pulau Pinang</b> Tel: 04-644 7979 Fax: 04-644 1112 E-mail: <a href="mailto:penang@pacificmutual.com.my">penang@pacificmutual.com.my</a>
	<b>Perak</b> Tel: 05-242 4322 Fax: 05-242 4323 E-mail: <a href="mailto:ipoh@pacificmutual.com.my">ipoh@pacificmutual.com.my</a>
	<b>Melaka</b> Tel: 06-282 8788 Fax: 06-286 8788 E-mail: <a href="mailto:melaka@pacificmutual.com.my">melaka@pacificmutual.com.my</a>
	<b>Sarawak</b> Tel: 082-233 933 Fax: 082-422 733 E-mail: <a href="mailto:kuching@pacificmutual.com.my">kuching@pacificmutual.com.my</a>
	<b>Sabah</b> Tel: 088-251 088 Fax: 088-251 059 E-mail: <a href="mailto:kk@pacificmutual.com.my">kk@pacificmutual.com.my</a>

Please specify the nature of the complaint and the person(s) involved – stating the date, time and place of occurrence.

- (i) For internal dispute resolution, you may contact:  
Pacific Mutual Fund Bhd – Customer Care Hotline: 03-7726 6332
- (ii) If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industries Dispute Resolution Corporation (SIDREC):
- (a) via phone to : 03-2282 2280
  - (b) via fax to : 03-2282 3855
  - (c) via e-mail to : info@sidrec.com.my
  - (d) via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar,  
No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur
- (iii) You can also direct your complaint to the Securities Commission Malaysia even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the Securities Commission Malaysia's Investor Affairs & Complaints Department:
- (a) via phone to the Aduan Hotline at : 03-6204 8999
  - (b) via fax to : 03-6204 8991
  - (c) via e-mail to : aduan@seccom.com.my
  - (d) via online complaint form available at www.sc.com.my
  - (e) via letter to : Investor Affairs & Complaints Department  
Securities Commission Malaysia  
No. 3 Persiaran Bukit Kiara, Bukit Kiara  
50490 Kuala Lumpur
- (iv) Federation of Investment Managers Malaysia's (FIMM) Complaints Bureau:
- (a) via phone to : 03-2092 3800
  - (b) via fax to : 03-2093 2700
  - (c) via e-mail to : complaints@fimm.com.my
  - (d) via online complaint form available at www.fimm.com.my
  - (e) via letter to : Legal, Secretarial & Regulatory Affairs  
Federation of Investment Managers Malaysia  
19-06-1, 6<sup>th</sup> Floor Wisma Tune  
No. 19 Lorong Dungun, Damansara Heights  
50490 Kuala Lumpur

## APPENDIX: GLOSSARY

### **business day(s)**

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

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

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

### **equities/equity**

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

### **fixed income / debt securities**

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

### **GST**

Tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.

### **net asset value (NAV)**

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

### **sukuk**

Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the Securities Commission Malaysia's Shariah Advisory Council.

### **short term / medium term / long term**

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

### **master prospectus / prospectus**

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

### **Fund**

Pacific Dividend Fund