

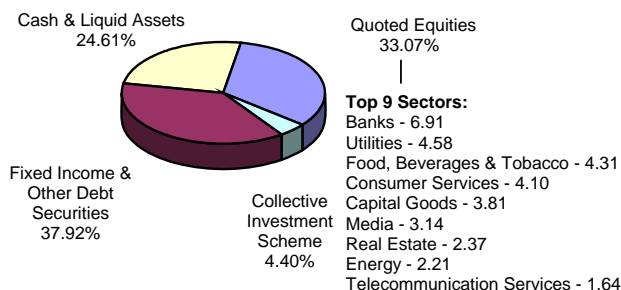
Aims to achieve consistently attractive and stable income with reasonable preservation of capital by investing in a diversified portfolio of fixed income securities such as bonds and money market instruments as well as stocks that offer a steady dividend income stream. The Fund also aims to provide moderate capital growth over a medium to long-term period.

***This Fund is suitable for investors who are seeking a regular income stream with returns higher than fixed deposit rates and moderate capital growth with reasonable preservation of capital.***

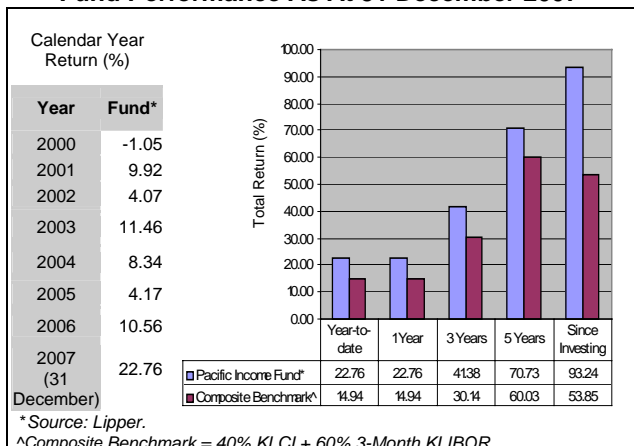
## MANAGER'S COMMENTS

- The equity allocation of Pacific Income Fund was reduced to 33.07% from 36.75% in the previous month as selective positions were trimmed during the year-end strengthening in the market on the back of window dressing activities.
- The Fund exited from one stock in the transportation sector due to softening fundamentals and is exiting from another one in the banking sector as no new catalysts for its share price are expected in the short term.
- The Fund's current top three sector exposures are in banks, utilities, and food, beverages and tobacco, which is in line with the internal directive to be defensive and also to focus more on domestic-oriented sectors.
- The fixed income weightings increased to 42.32% from 39.83% in the previous month as a result of net purchasing activities.
- External financial market woes have kept local trading activities on a cautious mode and further re-pricing of risks. Going forward, inflation expectations will remain the dominant influence on bond prices. Into 2008, fixed income investments will favour short to medium-term duration, as the Manager believes a return to normal pricing of risk is inevitable.

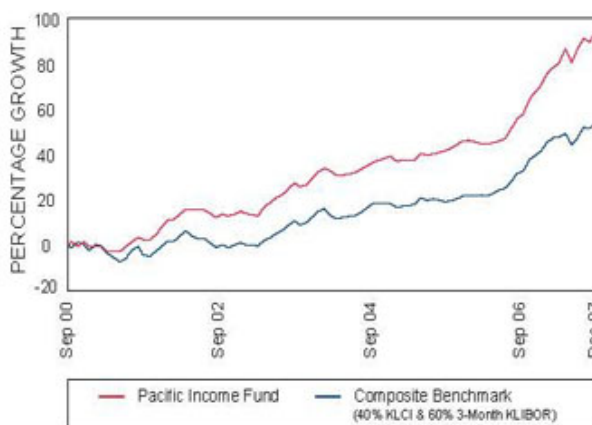
## Asset Allocation As At 31 December 2007



## Fund Performance As At 31 December 2007



## Fund Performance Vs Benchmark (since 8 September 2000 – 31 December 2007)\*



Sep 00 to Dec 07, performance data represents the combined income & capital return as a result of holding units in the fund for the specified length of time, based on bid to bid prices. Earnings are assumed to be reinvested.  
\*Source: Lipper.

## Top 5 Holdings As At 31 December 2007 (% of NAV)

Public Bank Bhd	3.66
YNH Property Bhd	2.37
Resorts World Bhd	2.31
Petra Perdana Bhd	2.21
YTL Corporation Bhd	2.04

Fund Size (31 December 2007) : RM122 million (205 million units)  
 NAV Per Unit (31 December 2007) : RM0.5986  
 Fund Currency : Ringgit Malaysia  
 Fund Inception : 18 August 2000  
 Domicile : Malaysia  
 Management Fee : 1.50% p.a. of NAV  
 Trustee Fee : 0.10% p.a. of NAV  
 Dealing : Daily  
 Application Fee : 5.00% of NAV per unit  
 Redemption Payment Period : 10 days\*  
 Investment Manager : Pacific Mutual Fund Bhd

\* You will be paid within 10 days from the date Pacific Mutual receives the repurchase request.