

**Pacific Asset Management Fund plc**

(An investment company with variable capital  
established as an umbrella fund with segregated liability  
between Sub-Funds)

**Annual Report and Audited Financial Statements  
for the financial year ended 31 March 2018**

**Sub-Fund(s):**

**PACIFIC ASSET MANAGEMENT SENIOR LOAN FUND**

# Pacific Asset Management Fund plc

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# Pacific Asset Management Fund plc

## DIRECTORY

### Investment Manager

Pacific Life Fund Advisors, LLC trading as  
Pacific Asset Management  
700 Newport Centre Drive  
Newport Beach, CA  
United States

### Directors of the Company

Dominic Nolan (American Resident)\*#  
Bronwyn Wright (Irish Resident)\*^#  
Máire O'Connor (Irish Resident)\*^#  
Mark R. Falk (American Resident)#  
Dirk (Rick) Van de Camp (Dutch Resident)\*+  
Martijn Van Vliet (Dutch Resident)\*+  
Brian Dunleavy (Irish Resident)\*+  
Conor Hoey (Irish Resident)\*^+^

### Alternative Investment Fund Manager

KBA Consulting Management Limited  
5 George's Dock  
IFSC  
Dublin 1  
Ireland

### Depositary

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Independent Auditors

Deloitte Ireland LLP  
Chartered Accountants and Statutory Auditors  
Earlsfort Terrace  
Dublin 2  
Ireland

### Legal Advisers in Ireland

McCann FitzGerald#  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Company Secretary

HMP Secretarial Limited#  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

Pinsent Masons (Ireland)+  
1 Windmill Lane  
Dublin 2  
Ireland

KB Associates+  
5 George's Dock  
IFSC  
Dublin 1  
Ireland

### Registered Office of the Company

Riverside One#  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Administrator

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

5 George's Dock+  
IFSC  
Dublin 1  
Ireland

**Registration No.** 543162

\*Non-Executive Director

^Independent Director

#Resigned/Replaced on 24 May 2018

+Appointed/Changed on 24 May 2018

# **Pacific Asset Management Fund plc**

## ***DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018***

The Board of Directors (the “Directors”) of Pacific Asset Management Fund plc (the “Company”) present to the Shareholders the annual report together with the audited financial statements of the Company for the financial year ended 31 March 2018 (the “financial year”).

### **General information**

The Company was established as an umbrella investment company with variable capital organised under the laws of Ireland as a public limited company authorised pursuant to the Irish Companies Act 2014 (the “Companies Act”). The Company was incorporated on 29 April 2014 under registration number 543162. The liability of the Shareholders is limited. The Company has been authorised as a Qualifying Investor Alternative Investment Fund (“QIAIF”) under the Central Bank of Ireland’s (the “Central Bank”) Alternative Investment Fund (“AIF”) Rulebook.

The Company is organised in the form of an umbrella fund with segregated liability between Sub-Funds. Each Sub-Fund will have a distinct portfolio of investments. Separate books and records will be maintained for each Sub-Fund.

As of 31 March 2018, the Company was comprised of one active Sub-Fund namely – Pacific Asset Management Senior Loan Fund (the “Fund”). The Fund has two active shares classes: the U.S. Dollar Capitalization Shares, launched 19 May 2014 and the Euro Hedged Distribution Shares, launched 25 June 2014. Details of any Sub-Fund or classes of shares within the Fund (or a Sub-Fund) created in the future shall be as set out in the applicable supplement.

The Company may, from time to time, create additional classes of shares within a Sub-Fund in accordance with the requirements of the Central Bank. The Directors may, in their absolute discretion, differentiate between the rights attaching to the different classes of shares within a particular Sub-Fund including, liquidity rights, the dividend policy, the level of fees, the currencies and the hedging policy in respect of each such class.

The functional and presentational currency of the Fund is US Dollars (“USD”).

### **Investment policies & objectives**

The assets of each Sub-Fund will be invested in accordance with the investment objectives and policies of that Sub-Fund, as set out in the applicable supplement. The investment objective of the Fund is to seek to outperform the Credit Suisse Leveraged Loan Index through investing primarily in bank loans of non-investment grade companies.

### **Business review and future developments**

The net assets of the Company, attributable to holders of redeemable participating shares of the Fund, amounted to US\$68,146,508. The statement of comprehensive income is set out on page 15. A detailed review of the business and future developments is contained in the Investment Manager’s Report on page 13. The Directors do not anticipate any change in the structure or investment objectives of the Company.

### **Directors and Directors’ interests**

The Directors who held office during the financial year are detailed below:

Dominic Nolan (American Resident)  
Bronwyn Wright (Irish Resident)  
Máire O’Connor (Irish Resident)  
Mark R. Falk (American Resident)

The Directors who held office as at 1 April 2017, 31 March 2018 or at any time during the financial year had no interests in the shares of the Company.

### **Company Secretary and Secretary’s interests**

HMP Secretarial Limited acted as Company Secretary for the year. The Company Secretary had no interests in the Company as at 31 March 2018, or during the financial year.

# **Pacific Asset Management Fund plc**

## ***DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)***

### **Distribution Policy**

Any dividend payment in respect of a Sub-Fund shall be made in accordance with the dividend policy of that Sub-Fund as set out in the applicable supplement.

In respect of the Fund, the Directors do not anticipate paying a dividend in respect of the capitalisation share classes. All income and profits earned by the Fund will accrue to the benefit of the capitalisation share classes and will be reflected in the Net Asset Value ("NAV").

In respect of the distributing share class, once the accounts for the financial year-end of the Company, being 31 March, have been finalised, the Directors will determine whether and to what extent dividends shall be paid by the Fund in respect of the distributing share class. The Directors also have the power under the Articles of Association to declare interim dividends. Subject to there being distributable profits available, interim dividends declared and paid by the Fund may be in respect of previous financial years.

Each dividend shall consist of income (less expenditure) attributable to the Fund. Income for this purpose shall not include realised gains attributable to the Fund rather it will be limited to any income earned on the assets held by the Fund net of applicable expenses.

A capital distribution of US\$3.48 per share, as permitted by the prospectus and the supplement of the Fund, amounting to US\$358,949 was declared by the Directors for ex-date 29 March 2018. This distribution was paid to Euro Hedged Distribution Shares' Shareholders of the Fund on 13 April 2018.

### **Going concern**

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements as, after due consideration, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future.

### **Risk management objectives and policies**

The main risks arising from the Company's financial instruments are currency rate, interest rate, price, credit and liquidity risk. For further information on risk management, and the investment objectives and policies of the Company and Fund, please see Note 7 of these financial statements and the Company's prospectus and applicable supplement.

### **Accounting records**

The Directors ensure compliance with the Company's obligation to maintain adequate accounting records by appointing competent persons to be responsible for them. The accounting records are kept by State Street Fund Services (Ireland) Limited, at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

### **Significant events during the financial year**

A capital distribution of US\$22.96 per share, as permitted by the prospectus and the supplement of the Fund, amounting to US\$1,673,128 was declared by the Directors for ex-date 31 March 2017. This distribution was paid to Euro Hedged Distribution Shares' Shareholders of the Fund on 11 April 2017.

There were no other significant events during the financial year.

### **Significant events after the financial year end**

As noted above, a capital distribution of US\$3.48 per share, as permitted by the prospectus and the supplement of the Fund, amounting to US\$358,949 was declared by the Directors for ex-date 29 March 2018. This distribution was paid to Euro Hedged Distribution Shares' Shareholders of the Fund on 13 April 2018.

# **Pacific Asset Management Fund plc**

## ***DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)***

### **Significant events after the financial year end (continued)**

Please note that the following Directors resigned from the board on 24 May 2018:

Dominic Nolan (American Resident)  
Bronwyn Wright (Irish Resident)  
Máire O'Connor (Irish Resident)  
Mark R. Falk (American Resident)

Please note that the following Directors were appointed on 24 May 2018:

Dirk (Rick) Van de Camp (Dutch Resident)  
Martijn Van Vliet (Dutch Resident)  
Brian Dunleavy (Irish Resident)  
Conor Hoey (Irish Resident)

HMP Secretarial Limited acted as Company Secretary and was replaced in this role by KB Associates on 24 May 2018.

McCann FitzGerald acted as Legal Advisors in Ireland and were replaced in this role by Pinsent Masons (Ireland) on 24 May 2018.

There were no other significant events affecting the Company since the statement of financial position date which require adjustment to or disclosure in the financial statements.

### **Corporate governance statement**

The Directors voluntarily comply with the Corporate Governance Code for Collective Investment Schemes as published by the Irish Funds Industry Association in December 2011 (the "IFIA Code"), as the Company's corporate governance code. The Directors adopted fully the corporate governance practices and procedures in the IFIA Code with effect from 30 January 2015. The Directors have assessed the measures included in the IFIA Code as being consistent with its corporate governance practices and procedures for the financial year.

### **Connected party transactions**

The Central Bank's AIF Rulebook section on "Dealings by management company, general partner, Depositary, AIFM, Investment Manager or by delegates or group companies of these" states that any transaction carried out with the Fund by the Management Company, General Partner, Depositary, AIFM, Investment Manager or by delegates or group companies of these ("Connected Parties") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the Shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out above are applied to all transactions with Connected Parties; and the Directors are satisfied that transactions with Connected Parties entered into during the financial year complied with the obligations set out in this paragraph.

### **Directors' fees**

The charge for directors' remuneration, which relate solely to qualifying services, during the financial year ended 31 March 2018 amounted to US\$42,128 (2017: US\$32,259), of which US\$23,127 (2017: US\$10,176) was payable at the financial year end.

### **Relevant Audit Information**

As at the date this Directors' Report was approved and signed (set out below), each Director is satisfied that:

- (a) there is no relevant audit information of which the Company's statutory auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information and
- (c) where "relevant audit information" means information needed by the Company's statutory auditors in connection with preparing their report.

# **Pacific Asset Management Fund plc**

## ***DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)***

### **Independent auditors**

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, will continue in office in accordance with Section 383 (2) of the Companies Act 2014.

On behalf of the Directors:

**Brian Dunleavy, Director:**

**Conor Hoey, Director:**

**Date: 19 July 2018**

# **Pacific Asset Management Fund plc**

## ***DEPOSITARY'S REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018***

This report including the opinion has been prepared for and solely for the shareholders in the AIF as a body, in accordance with the Central Bank's AIF Rulebook and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### **Responsibilities of the Depositary**

Our duties and responsibilities are outlined in Regulation 22(7)(8)&(9) of European Union (Alternative Investment Fund Managers Directive) Regulations 2013 as amended (the "Regulations") and the AIF Rulebook. One of those duties is to enquire into the conduct of the AIFM in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the AIF has been managed in that period in accordance with the provisions of AIF's constitutional documentation and the AIF Rulebook. It is the overall responsibility of the AIFM to comply with these provisions. If the AIFM has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

### **Basis of Depositary opinion**

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 22(7)(8)&(9) of the Regulations, and to ensure that, in all material respects, the AIF has been managed:

- (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations; and
- (ii) otherwise in accordance with the AIF's constitutional documentation and the appropriate regulations.

### **Opinion**

In our opinion, the AIF has been managed during the financial year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the authorised AIF by the constitutional document and by the Central Bank under the powers granted to the Central Bank by the investment fund legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.

**State Street Custodial Services (Ireland) Limited**  
**78 Sir John Rogerson's Quay**  
**Dublin 2**  
**Ireland**

**Date: 19 July 2018**

# **Pacific Asset Management Fund plc**

## ***STATEMENT OF DIRECTORS' RESPONSIBILITIES***

The Directors are responsible for preparing the Directors' report and the Company's financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Under Company law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

In this regard State Street Fund Services (Ireland) Limited has been appointed for the purpose of maintaining adequate accounting records.

Accordingly, the books of accounts are kept at the following address:

State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

The Directors are responsible for safeguarding the assets of the Company. In this regard they have entrusted the assets of the Company to State Street Custodial Services (Ireland) Limited, who has been appointed as Depositary to the Company pursuant to the terms of a Depositary Agreement dated 15 May 2014. The Directors have a general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

On behalf of the Directors:

**Brian Dunleavy, Director:**

**Conor Hoey, Director:**

**Date: 19 July 2018**

# Pacific Asset Management Fund plc

## *INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PACIFIC ASSET MANAGEMENT FUND PLC*

### **Report on the audit of the financial statements**

#### **Opinion on the financial statements of Pacific Asset Management Fund Plc (“the company”)**

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31st March 2018 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework, the applicable Regulations and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Net Assets attributable to holders of Redeemable Shares;
- the Statement of Cash Flows; and
- the related notes 1 to 20, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union (“the relevant financial reporting framework”).

The applicable regulations that have been applied in their preparation is the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended) and the Commission Delegated Regulation (EU) No.231/2013 (“the applicable Regulations”).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the “Auditor's responsibilities for the audit of the financial statements” section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors’ use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# Pacific Asset Management Fund plc

## *INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PACIFIC ASSET MANAGEMENT FUND PLC (CONTINUED)*

### **Report on the audit of the financial statements (continued)**

#### **Other information (continued)**

We have nothing to report in this regard.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs (Ireland) 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 ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

# **Pacific Asset Management Fund plc**

## ***INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PACIFIC ASSET MANAGEMENT FUND PLC (CONTINUED)***

### **Report on the audit of the financial statements (continued)**

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

This report is made solely to the company's shareholders, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Report on other legal and regulatory requirements**

#### **Opinion on other matters prescribed by the Companies Act 2014**

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

#### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Brian Jackson  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2  
19 July 2018

# Pacific Asset Management Fund plc

## *INVESTMENT MANAGER'S REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018*

### **Pacific Asset Management Senior Loan Fund (the "Fund")**

#### **Performance:**

The Fund's U.S. Dollar Capitalization Shares had a return of 3.92% (net) for the reporting period versus a return for the Credit Suisse Leveraged Loan Index ("Benchmark") of 4.64%.

#### **Market overview:**

During 2017, robust corporate earnings and a strong economic backdrop resulted in positive total returns for most fixed income asset classes. However, the consistent theme of strong market returns and muted volatility experienced in 2017 was upended during the first quarter of 2018. Beginning in February, risk assets experienced their first notable market decline in some time, resulting in the S&P 500 returning -0.76% over the quarter. The newfound volatility had a few culprits: rising interest rates across the yield curve, inflation fears, and geopolitical uncertainty, largely presented in the form of tariffs. The first quarter of 2018 also experienced multiple Federal Reserve members stating they see the job market at or exceeding full employment, thus contributing to the Fed maintaining its consistent but gradual rate hike path. This was demonstrated by the increase of the Federal Funds Rate in March by 25bps to a range of 1.50-1.75%. However, the economic engine did not slow down as it continued to move forward on the back of strong corporate earnings, steady and sustained GDP growth, and domestic tax reform. Specific to the bank loan market, lower quality and smaller issuers outperformed. BB, B, and CCC rated loans returned 4.04%, 5.06%, and 6.61%, respectively, during the reporting period. In particular, those loans with an issue size of \$300mm or greater returned 4.39%; whereas loans less than \$100mm in issue size returned 10.74% over the same period. Additionally, distressed issuers, those with dollar prices below \$90, underperformed loans with a dollar price greater than \$90, returning 2.84% and 4.74%, respectively.

#### **Portfolio review:**

The Fund underperformed the benchmark for the reporting period due to sector and credit selection. The Fund's underweights to the Healthcare and Media/Telecommunication sectors were detractors from performance. Additionally, security selection in the Transportation sector detracted from performance. The Fund's overweight to performing loans and underweight to distressed issuers benefited performance. The Fund's overweight to housing, manufacturing, and forest products/containers benefited performance. Given the improvement in macro and fundamental data during the reporting period, lower credit quality loans experienced outperformance. The Fund benefited from an overweight to B vs BB rated bank loans given the improvement in risk appetite during the reporting period.

#### **Investment Manager's Market Outlook:**

As we enter the new fiscal year, the Fund is underweight risk relative to the benchmark as measured by yield. Our underweight in yield is due to our limited exposure to distressed issuers, notably in retail and energy. We believe that the fundamental backdrop, anchored by stable corporate health and economic data, provides an attractive bottom-up view for U.S. credit. Technical conditions are also favorable given ongoing demand for attractive yield on floating rate loans. As a result, we continue to favor B versus BB rated issuers given stable corporate health conditions. We have a high conviction portfolio and would welcome a return of volatility in the bank loan market and the opportunities it may provide. We are overweight forest products/containers, manufacturing, and housing, which are sectors heavily focused on U.S. domestic profits. We are underweight media/telecom, healthcare, and energy. Within healthcare, we find limited relative value in many of the largest issuers given low coupon levels.

**Pacific Asset Management  
March 2018**

# Pacific Asset Management Fund plc

## STATEMENT OF FINANCIAL POSITION

		As at 31 March 2018	As at 31 March 2017
		Pacific Asset Management Senior Loan Fund US\$	Pacific Asset Management Senior Loan Fund US\$
<b>Assets</b>	<b>Note</b>		
Financial assets at fair value through profit or loss:			
Designated at fair value through profit or loss upon initial recognition:			
-Bank loans	3,5	64,254,471	62,193,189
-Corporate bonds	3,5	1,438,379	-
Financial assets held for trading:			
-Forward currency exchange contracts	3,5	2,334	2,532
Cash and cash equivalents	3	6,275,228	6,741,123
Receivable for investments sold		5,107,294	5,668,610
Receivable for fund shares sold		198,336	-
Interest receivable		304,178	414,665
Amounts receivable from Investment Manager	9,15	50,453	136,055
Other receivables		33,621	43,341
<b>Total assets</b>		<b>77,664,294</b>	<b>75,199,515</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss:			
Designated at fair value through profit or loss upon initial recognition:			
-Unfunded loans	3,5	-	(91,089)
Financial liabilities held for trading:			
-Forward currency exchange contracts	3,5	(5,769)	(101,545)
Payable for investments purchased		(8,759,815)	(10,404,083)
Payable for fund shares redeemed		(49,438)	(91,791)
Distribution payable	18,19	(359,175)	(1,674,928)
Accrued expenses	10	(292,220)	(358,709)
Tax payable		(51,369)	-
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(9,517,786)</b>	<b>(12,722,145)</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>68,146,508</b>	<b>62,477,370</b>

On behalf of the Directors:

**Brian Dunleavy, Director:**

**Conor Hoey, Director:**

**Date: 19 July 2018**

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

# Pacific Asset Management Fund plc

## STATEMENT OF COMPREHENSIVE INCOME

		For the Financial year ended 31 March 2018	For the Financial year ended 31 March 2017
		Pacific Asset Management Senior Loan Fund US\$	Pacific Asset Management Senior Loan Fund US\$
<b>Investment Income</b>	<b>Note</b>		
Interest income on financial assets at fair value through the profit or loss		3,306,695	4,754,554
<b>Expenses</b>			
Investment management fees	9,15	(393,213)	(572,589)
Legal & professional fees		(54,001)	(61,662)
Audit & reporting fees	9	(75,001)	(74,999)
Administration fees	9	(47,400)	(70,515)
Directors fees	9,15	(42,128)	(32,259)
Depository fees	9	(23,999)	(47,450)
Other expenses	11	(103,149)	(102,110)
<b>Total operating expenses before waivers</b>		<b>(738,891)</b>	<b>(961,584)</b>
Waivers and reimbursement	9,15	221,534	195,925
<b>Total operating expenses</b>		<b>(517,357)</b>	<b>(765,659)</b>
<b>Net investment income</b>		<b>2,789,338</b>	<b>3,988,895</b>
<b>Net realised and unrealised gain/(loss) on financial assets/liabilities held at fair value through profit or loss</b>			
Net realised gain on financial assets/liabilities held at fair value through the profit or loss:			
Investments	6	13,812	1,546,187
Foreign currency transactions	6	779,053	(2,969,455)
Net change in unrealised (loss)/gain on financial assets/liabilities at fair value through profit or loss:			
Investments	6	(256,716)	1,527,401
Foreign currency transactions	6	94,495	(943,841)
<b>Net realised and unrealised gain/(loss) on financial assets/liabilities held at fair value through profit or loss</b>		<b>630,644</b>	<b>(839,708)</b>
<b>Net gain from operations before finance costs</b>		<b>3,419,982</b>	<b>3,149,187</b>
<b>Finance Costs</b>			
Distributions to redeemable Shareholders	3,18,19	(358,949)	(1,673,128)
<b>Total Finance costs</b>		<b>(358,949)</b>	<b>(1,673,128)</b>
<b>Increase in net assets attributable to holders of redeemable participating shares from operations</b>		<b>3,061,033</b>	<b>1,476,059</b>

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

## Pacific Asset Management Fund plc

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

	For the Financial year ended 31 March 2018	For the Financial year ended 31 March 2017
	Pacific Asset Management Senior Loan Fund US\$	Pacific Asset Management Senior Loan Fund US\$
<b>Net assets attributable to holders of redeemable participating shares at beginning of the financial year</b>	<b>62,477,370</b>	<b>97,220,802</b>
Proceeds from issue of redeemable shares	3,415,542	898,411
Payments from redemption of redeemable shares	(807,437)	(37,117,902)
Increase in net assets attributable to holders of redeemable participating shares from operations	3,061,033	1,476,059
<b>Net assets attributable to holders of redeemable participating shares at end of the financial year</b>	<b>68,146,508</b>	<b>62,477,370</b>

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

# Pacific Asset Management Fund plc

## STATEMENT OF CASH FLOWS

	For the Financial year ended 31 March 2018	For the Financial year ended 31 March 2017
	Pacific Asset Management Senior Loan Fund US\$	Pacific Asset Management Senior Loan Fund US\$
Cash flows from operating activities	3,061,033	1,476,059
<b>Adjustments for:</b>		
Net (purchase)/sale of financial assets at fair value through profit or loss	(3,590,750)	34,307,079
(Increase)/decrease in payables for investments purchased	(1,644,268)	7,293,979
Decrease/(increase) in receivable for investments sold	561,316	(4,084,171)
Net (increase)/ decrease in unrealised gain/(loss) on forward currency exchange contracts	(95,578)	943,859
<b>Operating cash flows before movements in working capital</b>	<b>(1,708,247)</b>	<b>39,936,805</b>
Decrease in interest receivable	110,487	105,943
Decrease/(increase) in amounts receivable from Investment Manager	85,602	(79,524)
Decrease/(increase) in other receivables	9,720	(43,147)
Increase in tax payable	51,369	-
(Decrease)/increase in distribution payable	(1,315,753)	4,295
(Decrease) in accrued expenses	(66,489)	(161,435)
<b>Cash (outflow) from operations</b>	<b>(1,125,064)</b>	<b>(173,868)</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(2,833,311)</b>	<b>39,762,937</b>
<b>Financing activities</b>		
Proceeds from subscriptions	3,217,206	898,411
Payment of redemptions	(849,790)	(37,079,109)
<b>Net cash generated/(used in) by financing activities</b>	<b>2,367,416</b>	<b>(36,180,698)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(465,895)</b>	<b>3,582,239</b>
Cash and cash equivalents at the beginning of the year	6,741,123	3,158,884
<b>Cash and cash equivalent at the end of the year</b>	<b>6,275,228</b>	<b>6,741,123</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest received	3,417,182	4,860,497

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

# Pacific Asset Management Fund plc

## SCHEDULE OF INVESTMENTS

As at 31 March 2018

Security description	Maturity Date	Par Value US\$	Fair Value US\$	% of NAV
<b>Bank Loans (2017: 99.55%)</b>				
<b>United States Dollar (“USD”) Denominated Loans (2017: 99.55%)</b>				
<b>Canada (2017: 5.21%)</b>				
B.C. Unlimited Liability Company Term Loan B3	16/02/2024	985,860	988,120	1.45
Bombardier Recreational Products, Inc. 2016 Term Loan B	30/06/2023	746,217	753,306	1.11
Garda World Sec Corp. Term Loan B	24/05/2024	574,643	581,395	0.85
Valeant Pharmaceuticals International, Inc. Term Loan B F1	01/04/2022	362,733	367,018	0.54
<b>Total Canada</b>		<b>2,669,453</b>	<b>2,689,839</b>	<b>3.95</b>
<b>Luxembourg (2017: 0.69%)</b>				
Intelsat Jackson Holdings S.A. Term Loan B3	27/11/2023	590,000	591,153	0.87
SS&C Technologies Holdings Europe, S.A.R.L. 2018 Term Loan	28/02/2025	197,201	198,449	0.29
<b>Total Luxembourg</b>		<b>787,201</b>	<b>789,602</b>	<b>1.16</b>
<b>Netherlands (2017: nil)</b>				
Diamond (BC) B.V. Initial USD Term Loan	06/09/2024	249,375	249,375	0.37
Playa Hotels Resorts B.V. Term Loan B	29/04/2024	670,561	675,758	0.99
<b>Total Netherlands</b>		<b>919,936</b>	<b>925,133</b>	<b>1.36</b>
<b>United Kingdom (2017: nil)</b>				
EG Finco, Ltd. 2018 USD 2nd Lien Term Loan	27/03/2026	500,000	501,250	0.74
EG Finco, Ltd. 2018 USD Term Loan	19/01/2025	750,000	750,312	1.10
EG Group, Ltd. 2018 USD Term Loan B	19/01/2025	500,000	499,063	0.73
PI US Mergerco, Inc. USD 2017 2nd Lien Term Loan	20/12/2025	250,000	251,250	0.37
<b>Total United Kingdom</b>		<b>2,000,000</b>	<b>2,001,875</b>	<b>2.94</b>
<b>United States (2017: 93.65%)</b>				
24 Hour Fitness Worldwide, Inc. Term Loan B	30/05/2021	496,134	498,925	0.73
Accudyne Industries, LLC 2017 Term Loan	18/08/2024	497,500	500,648	0.73
Advanced Disposal Services, Inc. Term Loan B3	10/11/2023	495,303	497,401	0.73
Air Methods Corporation 2017 Term Loan B	21/04/2024	696,179	698,790	1.03
Albertsons, LLC USD 2017 Term B6	22/06/2023	572,683	566,599	0.83
Alliant Holdings I, Inc. 2015 Term Loan B	12/08/2022	493,666	497,231	0.73
Alphabet Holding Company, Inc. 2017 1st Lien Term Loan	26/09/2024	298,500	278,351	0.41
Alphabet Holding Company, Inc. 2017 2nd Lien Term Loan	26/09/2025	250,000	230,000	0.34
Altice US Finance I Corporation Term Loan B	28/07/2025	496,250	496,250	0.73
Applied Systems, Inc. 2017 2nd Lien Term Loan	19/09/2025	625,000	647,656	0.95

# Pacific Asset Management Fund plc

## SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 March 2018

Security description	Maturity Date	Par Value US\$	Fair Value US\$	% of NAV
<b>Bank Loans (2017: 99.55%) (continued)</b>				
<b>United States Dollar (“USD”) Denominated Loans (2017: 99.55%) (continued)</b>				
<b>United States (2017: 93.65%) (continued)</b>				
Arch Coal, Inc. 2017 Term Loan	07/03/2024	248,120	249,929	0.37
AssuredPartners, Inc. 2017 1st Lien Add-On Term Loan	22/10/2024	250,000	250,000	0.37
Avantor, Inc. 2017 1st Lien Term Loan	21/11/2024	198,938	201,259	0.30
Avaya, Inc. Exit Term Loan B	15/12/2024	748,125	754,749	1.11
Avolon TLB Borrower 1 (US) LLC Term Loan B2	03/04/2022	997,487	999,496	1.46
Bass Pro Group, LLC Term Loan B	25/09/2024	400,000	396,650	0.58
Belk, Inc. Term Loan	12/12/2022	339,313	295,384	0.43
BJ's Wholesale Club, Inc. 2017 1st Lien Term Loan	03/02/2024	448,869	449,074	0.66
Brand Energy & Infrastructure Services, Inc. 2017 Term Loan	21/06/2024	845,371	853,354	1.25
Brickman Group Ltd. LLC 2nd Lien Term Loan	17/12/2021	351,064	354,026	0.52
Caesars Resort Collection, LLC 2017 1st Lien Term Loan B	22/12/2024	997,500	1,005,425	1.47
Calpine Corporation Term Loan B5	15/01/2024	497,442	499,619	0.73
Charter Communications Operating, LLC 2017 Term Loan B	30/04/2025	374,063	375,839	0.55
Charter NEX US Holdings, Inc. 2017 Term Loan B	16/05/2024	491,263	493,207	0.72
CityCenter Holdings, LLC 2017 Term Loan B	18/04/2024	496,250	499,080	0.73
ClubCorp Holdings, Inc. 2017 Term Loan B	18/09/2024	734,451	740,091	1.09
Community Health Systems, Inc. Term Loan G	31/12/2019	516,500	504,879	0.74
Consolidated Container Company LLC 2017 1st Lien Term Loan	22/05/2024	249,375	251,245	0.37
Crosby US Acquisition Corp. 1st Lien Term Loan	23/11/2020	635,138	625,452	0.92
Crosby US Acquisition Corp. 2nd Lien Term Loan	22/11/2021	376,513	365,218	0.54
CSC Holdings, LLC 2018 Term Loan B	25/01/2026	450,000	450,633	0.66
Cypress Intermediate Holdings III, Inc. 2017 1st Lien Term Loan	27/04/2024	496,250	498,369	0.73
Cypress Intermediate Holdings III, Inc. 2017 2nd Lien Term Loan	27/04/2025	631,250	644,401	0.95
DAE Aviation Holdings, Inc. 1st Lien Term Loan	07/07/2022	494,924	500,144	0.73
DiversiTech Holdings, Inc. 2017 2nd Lien Term Loan	02/06/2025	250,000	253,125	0.37
Dragon Merger Sub, LLC USD2017 2nd Lien Term Loan	24/07/2025	250,000	253,750	0.37
Drillship Hydra Owners Inc. Term Loan	20/09/2024	737,006	773,856	1.14
Duff & Phelps Corporation 2017 Term Loan B	13/02/2025	250,000	251,094	0.37
Engineered Machinery Holdings, Inc. 2nd Lien Delayed Draw Term Loan	18/07/2025	58,533	59,265	0.09
Engineered Machinery Holdings, Inc. USD 2nd Lien Term Loan	18/07/2025	491,680	497,826	0.73
EP Energy LLC Term Loan B3	24/05/2018	38,640	38,061	0.06
EWT Holdings III Corp. 2017 Repriced Term Loan	20/12/2024	248,750	250,849	0.37
First Data Corporation 2022 USD Term Loan	08/07/2022	500,000	501,281	0.74
Flex Acquisition Company, Inc. 1st Lien Term Loan	29/12/2023	620,313	623,996	0.92
FPC Holdings, Inc. 2018 1st Lien Term Loan	19/11/2022	250,000	244,688	0.36
Gardner Denver, Inc. 2017 USD Term Loan B	30/07/2024	373,125	375,431	0.55
Gates Global LLC 2017 USD Repriced Term Loan B	01/04/2024	524,912	528,488	0.78

## Pacific Asset Management Fund plc

### SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 March 2018

Security description	Maturity Date	Par Value US\$	Fair Value US\$	% of NAV
<b>Bank Loans (2017: 99.55%) (continued)</b>				
<b>United States Dollar (“USD”) Denominated Loans (2017: 99.55%) (continued)</b>				
<b>United States (2017: 93.65%) (continued)</b>				
Golden Entertainment, Inc. 2017 1st Lien Term Loan	20/10/2024	250,000	250,625	0.37
Golden Nugget, Inc. 2017 Incremental Term Loan	04/10/2023	992,438	1,002,052	1.46
INC Research, LLC 2017 Term Loan B	01/08/2024	476,563	478,722	0.70
Ineos US Finance LLC 2017 USD Term Loan B	31/03/2024	498,750	500,776	0.73
IRB Holding Corp. 1st Lien Term Loan	05/02/2025	500,000	505,729	0.74
Iron Mountain, Inc. 2018 Term Loan B	02/01/2026	250,000	250,104	0.37
Klockner-Pentaplast of America, Inc. USD 2017 Term Loan B2	30/06/2022	746,873	721,666	1.06
K-Mac Holdings Corp. 2018 1st Lien Term Loan	07/03/2025	250,000	251,641	0.37
K-Mac Holdings Corp. 2018 2nd Lien Term Loan	06/03/2026	250,000	253,750	0.37
Kronos Incorporated New 2nd Lien Term Loan	01/11/2024	950,000	987,604	1.44
MacDermid, Inc. USD Term Loan B6	07/06/2023	384,846	387,973	0.57
Mavis Tire Express Services Corp. 2018 1st Lien Term Loan	20/03/2025	431,001	431,540	0.63
Mavis Tire Express Services Corp. 2018 Delayed Draw Term Loan	20/03/2025	68,999	69,085	0.10
Mayfield Agency Borrower Inc. 2018 2nd Lien Term Loan	30/01/2026	125,000	124,922	0.18
Medallion Midland Acquisition, LLC 1st Lien Term Loan	30/10/2024	249,375	249,998	0.37
Milacron LLC Amended Term Loan B	28/09/2023	242,721	243,783	0.36
Mitchell International, Inc. 2017 Delayed Draw Term Loan	29/11/2024	18,657	18,715	0.03
MTN Infrastructure TopCo Inc. 1st Lien Term Loan B	15/11/2024	500,000	503,906	0.74
Navistar International Corporation 2017 1st Lien Term Loan B	06/11/2024	750,000	756,329	1.11
Neiman Marcus Group Ltd. LLC 2020 Term Loan	25/10/2020	393,974	341,403	0.50
NFP Corp. Term Loan B	08/01/2024	997,475	1,001,339	1.46
North American Lifting Holdings, Inc. 1st Lien Term Loan	27/11/2020	448,829	426,388	0.63
NPC International, Inc. 1st Lien Term Loan	19/04/2024	248,125	252,002	0.37
NPC International, Inc. 2nd Lien Term Loan	18/04/2025	250,000	256,250	0.38
P.F. Chang's China Bistro Inc. 2017 Term Loan B	18/08/2022	247,500	235,125	0.35
Parexel International Corporation Term Loan B	27/09/2024	497,500	498,246	0.73
Party City Holdings Inc. 2018 Term Loan B	19/08/2022	249,367	250,649	0.37
Petco Animal Supplies, Inc. 2017 Term Loan B	26/01/2023	451,690	332,933	0.49
Pisces Midco, Inc. 2018 Term Loan	12/04/2025	250,000	248,750	0.37
Plastipak Packaging, Inc. Term Loan B	14/10/2024	497,500	500,817	0.73
Power Products, LLC 2017 Term Loan B	20/12/2022	248,120	250,912	0.37
PowerTeam Services, LLC 2018 1st Lien Term Loan	27/02/2025	250,000	250,625	0.37
PQ Corporation 2018 Term Loan B	08/02/2025	1,473,853	1,480,564	2.17
Prime Security Services Borrower, LLC 2016 1st Lien Term Loan	02/05/2022	985,686	994,379	1.45
Pro Mach Group, Inc. 2018 Term Loan B	07/03/2025	500,000	501,384	0.74
Proampac PG Borrower LLC 2016 1st Lien Term Loan	18/11/2023	740,625	748,340	1.10

## Pacific Asset Management Fund plc

### SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 March 2018

Security description	Maturity Date	Par Value US\$	Fair Value US\$	% of NAV
<b>Bank Loans (2017: 99.55%) (continued)</b>				
<b>United States Dollar (“USD”) Denominated Loans (2017: 99.55%) (continued)</b>				
<b>United States (2017: 93.65%) (continued)</b>				
Proampac PG Borrower LLC 2016 2nd Lien Term Loan	18/11/2024	250,000	254,688	0.37
PSC Industrial Holdings Corp. 2017 1st Lien Term Loan	03/10/2024	249,375	251,869	0.37
PSC Industrial Holdings Corp. 2017 2nd Lien Term Loan	03/10/2025	125,000	124,375	0.18
Quikrete Holdings, Inc. 2016 1st Lien Term Loan	15/11/2023	481,974	484,685	0.71
Rackspace Hosting, Inc. 2017 Incremental 1st Lien Term Loan	03/11/2023	248,125	247,602	0.36
Radiate Holdco, LLC 1st Lien Term Loan	01/02/2024	598,111	595,457	0.87
Reddy Ice Corporation 1st Lien Term Loan	01/05/2019	719,697	720,813	1.06
Reynolds Group Holdings Inc. USD 2017 Term Loan	05/02/2023	1,857,923	1,869,534	2.74
RP Crown Parent, LLC 2016 Term Loan B	12/10/2023	248,741	250,140	0.37
SeaWorld Parks & Entertainment, Inc. Term Loan B2	14/05/2020	496,905	495,884	0.73
Sedgwick Claims Management Services, Inc. 1st Lien Term Loan	01/03/2021	250,000	250,125	0.37
Sedgwick Claims Management Services, Inc. 2nd Lien Term Loan	28/02/2022	250,000	251,563	0.37
SMG Holdings Inc. 2017 2nd Lien Term Loan	23/01/2026	100,000	102,333	0.15
Solera, LLC USD Term Loan B	03/03/2023	441,000	442,551	0.65
Sophia, L.P. 2017 Term Loan B	30/09/2022	491,128	492,919	0.72
Spectrum Holdings III Corp. 1st Lien Term Loan	31/01/2025	113,750	114,319	0.17
Spectrum Holdings III Corp. 2nd Lien Term Loan	31/01/2026	125,000	126,250	0.19
Spectrum Holdings III Corp. Delayed Draw Term Loan	31/01/2025	11,250	11,306	0.02
Spin Holdco Inc. 2017 Term Loan B	14/11/2022	496,250	499,765	0.73
SRS Distribution Inc. 2015 Term Loan B	25/08/2022	856,505	863,571	1.27
SRS Distribution Inc. 2016 2nd Lien Term Loan	24/02/2023	900,000	921,937	1.35
SS&C Technologies Inc. 2018 Term Loan B3	16/04/2025	552,799	556,297	0.82
Tacala, LLC 1st Lien Term Loan	31/01/2025	125,000	125,859	0.18
Tacala, LLC 2nd Lien Term Loan	30/01/2026	500,000	511,250	0.75
Talen Energy Supply, LLC 2017 Term Loan B1	15/07/2023	399,488	394,495	0.58
Talen Energy Supply, LLC 2017 Term Loan B2	15/04/2024	198,195	195,222	0.29
Telenet Financing USD LLC USD Term Loan AL	01/03/2026	500,000	503,036	0.74
Tempo Acquisition LLC Term Loan	01/05/2024	992,500	998,083	1.45
Transcendia Inc. 2017 1st Lien Term Loan	30/05/2024	248,752	250,773	0.37
TransDigm, Inc. 2017 Extended Term Loan F	09/06/2023	492,513	494,975	0.73
TransDigm, Inc. 2017 Term Loan E	14/05/2022	485,660	488,013	0.72
TransDigm, Inc. 2018 Term Loan G	22/08/2024	496,256	498,462	0.73
TricorBraun Holdings, Inc. 1st Lien Delayed Draw Term Loan	30/11/2023	45,341	45,695	0.07
TricorBraun Holdings, Inc. 2016 1st Lien Term Loan	30/11/2023	450,000	453,515	0.67
Uber Technologies 2018 Term Loan	04/04/2025	250,000	251,875	0.37

## Pacific Asset Management Fund plc

### SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 March 2018

Security description	Maturity Date	Par Value US\$	Fair Value US\$	% of NAV
<b>Bank Loans (2017: 99.55%) (continued)</b>				
<b>United States Dollar (“USD”) Denominated Loans (2017: 99.55%) (continued)</b>				
<b>United States (2017: 93.65%) (continued)</b>				
USI, Inc. 2017 Repriced Term Loan	16/05/2024	844,500	848,089	1.23
Vantage Specialty Chemicals, Inc. 2017 1st Lien Term Loan	10/05/2024	249,375	251,947	0.37
VF Holding Corp. Reprice Term Loan	30/06/2023	739,987	746,925	1.10
VICI Properties 1 LLC Replacement Term Loan B	20/12/2024	477,273	479,427	0.70
Virgin Media Bristol LLC 2017 USD Term Loan	15/01/2026	750,000	754,688	1.11
Vistra Operations Company LLC 2016 Term Loan B2	14/12/2023	496,231	499,820	0.73
Zodiac Pool Solutions LLC 2017 1st Lien Term Loan	20/12/2023	744,988	747,780	1.10
<b>Total United States</b>		<b>57,797,439</b>	<b>57,848,022</b>	<b>84.88</b>
<b>Total USD Denominated Loans</b>		<b>64,174,029</b>	<b>64,254,471</b>	<b>94.29</b>
<b>Corporate Bonds (2017: nil)</b>				
<b>USD Denominated Corporate Bonds (2017: nil)</b>				
<b>Canada (2017: nil)</b>				
Valeant Pharmaceuticals International Inc, 5.625%	01/12/2021	150,000	143,813	0.21
<b>Total Canada</b>		<b>150,000</b>	<b>143,813</b>	<b>0.21</b>
<b>United States (2017: nil)</b>				
Constellation Merger Sub Inc. 8.500%	15/09/2025	100,000	97,250	0.14
Mattel Inc. 6.750%	31/12/2025	175,000	171,500	0.25
Prime Security Services Borrower LLC, 9.250%	15/05/2023	243,000	263,942	0.39
Sprint Corporation, 7.250%	15/09/2021	50,000	51,813	0.08
Sprint Corporation, 7.875%	15/09/2023	350,000	357,874	0.53
Valeant Pharmaceuticals International Inc. 6.750%	15/08/2021	350,000	352,187	0.51
<b>Total United States</b>		<b>1,268,000</b>	<b>1,294,566</b>	<b>1.90</b>
<b>Total USD Denominated Corporate Bonds</b>		<b>1,418,000</b>	<b>1,438,379</b>	<b>2.11</b>
<b>Total financial assets at fair value through profit or loss</b>		<b>65,592,029</b>	<b>65,692,850</b>	<b>96.40</b>
<b>Unfunded Loans (2017: (0.15)%)</b>				
<b>USD Denominated Unfunded Loans (2017: (0.15)%)</b>				

## Pacific Asset Management Fund plc

### SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 March 2018

#### Forward currency exchange contracts (2017: (0.16)%)

Counterparty	Amount Bought	Amount Sold	Settlement Date	Unrealised	
				Gain US\$	% of NAV
State Street Bank London	USD 170,736	EUR 137,110	03/04/2018	2,029	0.00
State Street Bank London	EUR 11,723	USD 14,356	18/04/2018	82	0.00
State Street Bank London	USD 11,996	EUR 9,615	30/04/2018	144	0.00
State Street Bank London	USD 39,883	EUR 32,290	30/04/2018	79	0.00
<b>Total unrealised gain on forward currency exchange contracts (2017: 0.00%)</b>				<b>2,334</b>	<b>0.00</b>

Counterparty	Amount Bought	Amount Sold	Settlement Date	Unrealised	
				Loss US\$	% of NAV
State Street Bank London	EUR 2,576	USD 3,198	06/04/2018	(28)	(0.00)
State Street Bank London	EUR 16,097	USD 19,912	13/04/2018	(93)	(0.00)
State Street Bank London	EUR 9,615	USD 11,973	24/04/2018	(126)	(0.00)
State Street Bank London	EUR 13,049	USD 16,178	30/04/2018	(90)	(0.00)
State Street Bank London	EUR 137,110	USD 171,069	30/04/2018	(2,050)	(0.00)
State Street Bank London	EUR 7,905,690	USD 9,748,934	30/04/2018	(3,382)	(0.01)
<b>Total unrealised loss on forward currency exchange contracts (2017: (0.16)%)</b>				<b>(5,769)</b>	<b>(0.01)</b>

	Fair Value US\$	% of NAV
Total financial assets and liabilities at fair value through profit or loss (2017: 99.40%)	65,692,850	96.40
Net unrealised loss on forward currency exchange contracts (2017: (0.16)%)	(3,435)	(0.01)
Cash and cash equivalents (2017: 10.79%)	6,275,228	9.21
Other net liabilities (2017: (10.03)%)	(3,818,135)	(5.60)
<b>Total net assets</b>	<b>68,146,508</b>	<b>100.00</b>

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

### 1. General Information

Pacific Asset Management Senior Loan Fund (“the Fund”) is a Sub-Fund of Pacific Asset Management Fund plc (the “Company”), an investment company with variable capital established as an umbrella fund with segregated liability between Sub-Funds, in which different Sub-Funds may be created from time to time as the Board of Directors (the “Directors”) of the Company may deem appropriate and with the prior approval of the Central Bank of Ireland (the “Central Bank”). The Fund was established with four classes of shares, namely the:

- U.S. Dollar Capitalization Shares\*
- Euro Hedged Capitalization Shares
- Euro Hedged Distribution Shares\*
- Swedish Kroner (SEK) Hedged Capitalization Shares.

\* Active Share Classes

The Directors may create new classes of shares in the Fund, and any Sub-Fund, from time to time, provided that the creation of any such new class of shares is notified in advance to the Central Bank. A separate pool of assets will not be maintained for each class of shares within a Sub-Fund.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and the Companies Act 2014.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, financial liabilities and derivative financial instruments at fair value through profit or loss. Except where indicated below, the Company has consistently applied the accounting policies for the period presented in these financial statements.

The preparation of financial statements in conformity with IFRS requires the Company to make certain accounting estimates and assumptions. Actual results may differ from those estimates and assumptions. The Directors believe that any estimates used in preparing the financial statements are reasonable and prudent.

The comparative figures disclosed in these financial statements are for the financial year ended 31 March 2017.

#### Standards, amendments and interpretations applied/adopted by the Company

In preparing the financial statements, the Company has adopted all applicable accounting standards, amendments and interpretations in accordance with IFRS as adopted by the EU and the Companies Act 2014.

International Accounting Standards (“IAS”) 1, “Presentation of Financial Statements” sets overall requirements for the presentation of information in the financial statements. The Company has adopted a single statement approach for the Statement of Comprehensive Income.

#### New standards, amendments and interpretations issued and effective for the financial year beginning 1 April 2017

There were no standards, interpretations or amendments to existing standards that were effective for the first time for the financial year beginning 1 April 2017 that would have been expected to have had a material impact on the Company.

#### New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2017 and not early adopted

IFRS 9 “Financial Instruments” was issued in July 2014 and became effective for the periods beginning on or after 1 January 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of the financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 will not have a significant effect on the Company’s accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments). Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 2. Basis of preparation (continued)

#### New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2017 and not early adopted (continued)

The Directors have determined that in order for the financial statements to give a true and fair view it is necessary to fair value all financial instruments through profit or loss as permitted by IFRS 9 ‘Financial Instruments’ since all financial instruments are managed on a fair value basis. Therefore there will be no change to classifications when compared to prior years.

IFRS 15 “Revenue from Contracts with Customers” was issued in May 2014 and becomes effective for periods beginning on or after 1 January 2018. It establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard will not have a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

### 3. Significant Accounting Policies

#### Foreign currency

##### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements of the Company are presented in United States Dollar (“USD”), which is the functional and presentation currency of the Fund. The liquidity of the Fund is managed on a day to day basis in USD in order to handle the issue, acquisition and resale of the Fund’s redeemable shares.

##### (ii) Foreign currency translation

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the foreign currency closing exchange rate ruling at the financial year end. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to USD at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Foreign currency exchange differences on financial assets at fair value through profit or loss are included in the net realised and unrealised loss on financial assets/liabilities held at fair value through the profit or loss.

#### Financial instruments

##### (i) Classification

The category of financial assets and financial liabilities at fair value through profit or loss has two sub-categories: financial assets and financial liabilities held for trading and those designated by Directors at fair value through profit or loss on initial recognition. All instruments on the Fund’s portfolio of investments are classified as held at fair value through the profit or loss on initial recognition.

Financial assets are categorised as bank loans, corporate bonds, cash and cash equivalents, forward currency exchange contracts, receivables for investments sold, interests receivables, amounts receivables from Investment Manager and other receivables. This category includes balances due from brokers, deposits and accounts receivables, none of which are quoted in an active market.

Financial liabilities that are not at fair value through profit or loss include payables for investments purchased, payables for fund shares redeemed, distribution payable and accrued expenses.

##### (ii) Recognition and de-recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial liabilities are not recognised unless one of the parties has not performed in accordance with the contract or the contract is a derivative contract.

The Company de-recognises financial assets when the contractual rights to the cash flows from the financial asset expire or it transfers the financial assets and the transfer qualifies for de-recognition in accordance with IAS 39.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 3. Significant Accounting Policies (continued)

#### Financial instruments (continued)

##### *(ii) Recognition and de-recognition (continued)*

The Company uses the First In First Out (“FIFO”) method to determine realised gains and losses on de-recognition. A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

##### *(iii) Unfunded loans*

Unfunded loans occur when the Company commits to purchase a loan asset and has purchased less than 100% of the commitment as at year end. The percentage outstanding as at year end is the unfunded loan. The full 100% of the commitment is reflected in the Statement of Financial Position at year end as an available for sale asset. The percentage outstanding is disclosed as an unfunded loan in the Schedule of Investments and is reflected in the Statement of Financial Position as a financial liability.

##### *(iv) Measurement*

Financial instruments are initially recognised at fair value, and transaction costs on all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Subsequent to initial recognition, all instruments classified at fair value through profit or loss, are measured at fair value with changes in their fair value recognised in the statement of comprehensive income. Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest rate, other than those at fair value through profit or loss which include unfunded loans and forward currency exchange contracts.

##### *(v) Fair value measurement principles*

Investments or assets listed, quoted or dealt in on a regulated market shall be valued at the Valuation Point (the “Valuation Point”) in each case being the official closing price on the relevant valuation day on the market on which these assets are traded or admitted for trading (being the market which is the sole or in the opinion of the Directors the principal market on which the investment in question is listed, quoted or dealt in). If such price is not available, the last traded price shall be used in the case of investments forming part of the “long” portfolio and the last traded price shall be used in the case of investments forming part of the “short” portfolio as at the Valuation Point on the relevant valuation day, provided always that fixed income and loan securities shall be valued at their latest mid-price.

If, in the sole opinion of the Directors, the dealing price (which will be the official closing price) for the assets, calculated as at the Valuation Point is not representative of the value of the assets, the value will be the probable realisation value, estimated with care and in good faith by such competent person as may be appointed by the Directors and approved for the purpose by State Street Custodial Services (Ireland) Limited (the “Depositary”). The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the statement of financial position date taking into account current market conditions and the current creditworthiness of the counterparties. Specifically, the fair value of a forward currency exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates on Valuation Date 31 March 2018 (the “Valuation Date”).

##### *(vi) Forward currency exchange contracts*

A forward currency exchange contract is an agreement between two parties to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

The unrealised gain or loss on open forward currency exchange contracts is calculated by reference to the difference between the contracted rate and the rate to close out the contract as at the period-end date. Unrealised gains and losses are included in the statement of financial position. Contracts are marked-to-market and the change, if any, is recorded as an unrealised gain or loss in the statement of comprehensive income.

Realised gains or losses are recognised on the maturity, or termination, of a contract, as the difference between the rate that the contract was entered into and the closing spot rate at the settlement date of the contract. Realised gains or losses and changes in unrealised gains or losses are recognised in the statement of comprehensive income.

##### *(vii) Cash and cash equivalents*

Cash and cash equivalents include cash in hand and other short-term investments in an active market with original maturities of three months or less. All amounts are subject to insignificant changes in fair value. Substantially all cash and cash equivalents are held with State Street Bank and Trust Company, which has a long-term credit rating of AA- (Standard and Poor’s).

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 3. Significant Accounting Policies (continued)

#### Financial instruments (continued)

##### *(viii) Gain/loss on investments*

Realised gains and losses on sales of investments are calculated using the FIFO method. Realised gains or losses and changes in unrealised gains or losses are recognised in the statement of comprehensive income.

The difference between the original contract amount and the market value of forward currency exchange contracts are reflected as net unrealised gains or losses on financial assets at fair value in the statement of comprehensive income. Market values of forward currency exchange contracts are based on daily exchange settlement prices.

#### Use of estimates

The preparation of financial statements in accordance with IFRS may require the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that year of the revision and future periods if the revision affects both current and future periods.

#### Interest income and expenses

Interest income and expense is recognised in the statement of comprehensive income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

#### Expenses

Expenses are recognised in the statement of comprehensive income on an accrual basis.

#### Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on the purchase and sale of bonds, forward currency exchange contracts are included in the purchase and sale price of the investment.

#### Taxation

Under current law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended, (the "Taxes Consolidation Act"). On that basis, it is generally not chargeable to Irish tax on its income and gains. However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to Shareholders or any encashment, repurchase, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- a Shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, are held by the Company; and
- certain exempted Irish tax resident Shareholders who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investments income/gains are received and such taxes may not be recoverable by the Company and its Shareholders. Withholding tax and reclaims incurred on dividends are recorded on the ex-date. Dividends receivable are shown net of withholding taxes payable, if any, in the Statement of Financial Position.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 3. Significant Accounting Policies (continued)

#### Taxation (continued)

The Fund may be subject to taxes imposed on realised and unrealised gains on securities of certain foreign countries in which the Fund invests. The foreign tax expense, if any, was recorded on an accrual basis and is included in “Capital gains taxes” on the accompanying statement of comprehensive income. The amount of foreign tax owed, if any, is included in “Capital gains tax payable” on the accompanying statement of financial position.

#### Redeemable shares

All redeemable shares issued by the Company provide the investors with the right to require redemption for cash at the value proportionate to the investor’s share in the relevant Fund’s net assets at the redemption date. In accordance with IAS 32, such instruments give rise to a financial liability for the present value of the redemption amount.

#### Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent amounts receivable and payable respectively, for transactions contracted for but not yet delivered at the end of the year.

#### Distribution

In respect of the Fund, the Directors do not anticipate paying a dividend in respect of the capitalization share classes. All income and profits earned by the Fund will accrue to the benefit of the capitalization share classes and will be reflected in the Net Asset Value (“NAV”).

In respect of the distributing share class, once the accounts for the financial year-end of the Company, being 31 March, have been finalised, the Directors will determine whether and to what extent dividends shall be paid by the Fund in respect of the distributing share class. The Directors also have the power under the Articles of Association to declare interim dividends. Subject to there being distributable profits available, interim dividends declared and paid by the Fund may be in respect of previous financial years. Distributions paid are disclosed in Note 18 and Note 19.

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. As at 31 March 2018, there are no such legally enforceable agreements in place.

### 4. Share Capital

#### Authorised shares

The authorised share capital of the Company is two Subscriber Shares of €1 each and 1,000,000,000 Participating Shares of no par value. Participating Shares represent an interest in the Fund.

#### Rights of participating shares

Participating Shares may only be issued fully paid and shall have no par value. They shall confer on the holders the voting rights set out in Article 60 of the Memorandum and Articles of Association. The total amount of the paid up share capital of the Company shall at all times be equal to the NAV of the Company.

#### Subscribing shares

The issued share capital of the Company is €2 divided into two subscriber shares of €1 each issued for the purpose of the incorporation and authorisation of the Company, which are held by Pacific Asset Management and Pacific Life Insurance Company.

#### Rights of subscriber shares

Subscriber Shares shall only be issued at par value and shall not form any part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only.

As the Subscriber Shares are not Participating Shares (and as such do not represent any interest in the Fund) they do not entitle the holders thereof to participate in the dividends of the Fund.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 4. Share Capital (continued)

#### Rights of subscriber shares (continued)

Each holder of Subscriber Shares is entitled to attend and vote at any general meeting, *provided* that any holder of Subscriber Shares shall not be entitled to vote at any such general meeting at any time that Participating Shares in issue are held by two or more Shareholders.

#### Redemption Procedure

Following the initial offer period, shares will be redeemable at the option of the Shareholder on each redemption date except in the circumstances described in the Prospectus and/or applicable Supplement. Shares will be redeemed at the NAV per share as calculated at the Valuation Point on the Valuation Date immediately preceding the relevant redemption date.

As set out in the Prospectus, the Directors also reserve the right to compulsorily redeem all shares held by a Shareholder if, among other reasons, the aggregate NAV of the shares held by the Shareholder is less than the minimum holding specified. Prior to any compulsory redemption of shares, the Directors will notify the Shareholders in writing and allow such Shareholder 30 days to purchase additional Shares to meet this minimum requirement.

#### Change in share capital

The Company may from time to time by ordinary resolution increase its capital, consolidate and divide its shares into shares of larger amount or subdivide its shares into shares of smaller amount or cancel any shares not taken or agreed to be taken by any person. The Company may by special resolution from time to time reduce its share capital in any way permitted by law.

The following table shows the share classes that are available to investors of the Fund, and also the NAV per share for the active share classes at 31 March 2018:

Share Class	Currency	Initial Offer Price	NAV per share
U.S. Dollar Capitalization Share Class*	USD	100	112.99
Euro Hedged Capitalization Share Class	EUR	100	-
Swedish Kroner (SEK) Hedged Capitalization Share Class	SEK	500	-
Euro Hedged Distribution Share Class*	EUR	100	75.27

\* Active Share Classes

The following table shows the share classes that were available to investors of the Fund, and also the NAV per share for the active share classes at 31 March 2017:

Share Class	Currency	Initial Offer Price	NAV per share
U.S. Dollar Capitalization Share Class*	USD	100	108.73
Euro Hedged Capitalization Share Class	EUR	100	-
Swedish Kroner (SEK) Hedged Capitalization Share Class	SEK	500	-
Euro Hedged Distribution Share Class*	EUR	100	76.56

\* Active Share Classes

The following table shows the movement in the number of redeemable participating shares for the financial year ended 31 March 2018:

	U.S. Dollar Capitalization Share Class	Euro Hedged Distribution Share Class	Total
Opening balance	519,887	72,867	592,754
No. of shares issued	109	37,262	37,371
No. of shares redeemed	(1,780)	(6,570)	(8,350)
Closing balance	<b>518,216</b>	<b>103,559</b>	<b>621,775</b>

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 4. Share Capital (continued)

#### Change in share capital (continued)

The following table shows the movement in the number of redeemable participating shares for the financial year ended 31 March 2017:

	<b>U.S. Dollar Capitalization Share Class</b>	<b>Euro Hedged Distribution Share Class</b>	<b>Total</b>
Opening balance	519,887	420,482	940,369
No. of shares issued	-	8,532	8,532
No. of shares redeemed	-	(356,147)	(356,147)
Closing balance	<b>519,887</b>	<b>72,867</b>	<b>592,754</b>

### 5. Fair Value Hierarchy

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted market price (unadjusted) in an active market 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 (as prices) or indirectly (derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

## Pacific Asset Management Fund plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

#### 5. Fair Value Hierarchy (continued)

The following table analyses within the fair value hierarchy the Company's assets and liabilities measured at fair value at 31 March 2018:

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
<b>Pacific Asset Management Senior Loan Fund</b>				
Financial assets at fair value through profit or loss				
- Bank loans and corporate bonds	-	65,692,850	-	65,692,850
- Forward currency exchange contracts	-	2,334	-	2,334
<b>Total</b>	<b>-</b>	<b>65,695,184</b>	<b>-</b>	<b>65,695,184</b>
Financial liabilities at fair value through profit or loss				
- Forward currency exchange contracts	-	(5,769)	-	(5,769)
<b>Total</b>	<b>-</b>	<b>(5,769)</b>	<b>-</b>	<b>(5,769)</b>

The following table analyses within the fair value hierarchy the Company's assets and liabilities measured at fair value at 31 March 2017:

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
<b>Pacific Asset Management Senior Loan Fund</b>				
Financial assets at fair value through profit or loss				
- Bank loans and corporate bonds	-	62,193,189	-	62,193,189
- Forward currency exchange contracts	-	2,532	-	2,532
<b>Total</b>	<b>-</b>	<b>62,195,721</b>	<b>-</b>	<b>62,195,721</b>
Financial liabilities at fair value through profit or loss				
- Unfunded loans	-	(91,089)	-	(91,089)
- Forward currency exchange contracts	-	(101,545)	-	(101,545)
<b>Total</b>	<b>-</b>	<b>(192,634)</b>	<b>-</b>	<b>(192,634)</b>

Transfers between levels of the fair value hierarchy are deemed to have occurred when the pricing source or methodology used to price an investment was changed at the end of the reporting period as defined under IFRS 13.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year ended 31 March 2018.

For each class of assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed, IFRS 13 requires the Company to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

Assets and liabilities not carried at fair value are carried at amortised cost; their carrying values are reasonable approximations of fair value.

Cash and cash equivalents include deposits held with banks and other short-term investments in an active market and are categorised as Level 1.

## Pacific Asset Management Fund plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

#### 5. Fair Value Hierarchy (continued)

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Company. Payable for investments sold and other payables represent the contractual amounts and obligations due by the Company for settlement of trades and expenses. All of the receivable and payable balances are categorised as Level 2.

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of each Fund within the Company in accordance with the offering memorandum. These shares are not traded on an active market. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Fund at any dealing date for cash/assets equal to a proportionate share of the Fund's NAV attributable to the share class. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable shares held.

#### 6. Net Realised and Unrealised Loss On Financial Assets/Liabilities At Fair Value Through Profit Or Loss

	Financial Year ended 31 March 2018 Pacific Asset Management Senior Loan Fund US\$	Financial Year ended 31 March 2017 Pacific Asset Management Senior Loan Fund US\$
Total realised gain on investments	2,625,279	3,486,954
Total realised loss on investments	(2,611,467)	(1,940,767)
<b>Net realised gain on investments</b>	<b>13,812</b>	<b>1,546,187</b>
Total realised gain on foreign currency transactions	787,190	741,509
Total realised loss on foreign currency transactions	(8,137)	(3,710,964)
<b>Net realised gain/(loss) on foreign currency transactions</b>	<b>779,053</b>	<b>(2,969,455)</b>
<b>Net realised gain/(loss) on financial assets/liabilities at fair value through the profit or loss</b>	<b>792,865</b>	<b>(1,423,268)</b>
Unrealised gain on investments	585,468	1,933,874
Unrealised loss on investments	(842,184)	(406,473)
<b>Net change in unrealised (loss)/gain on investments</b>	<b>(256,716)</b>	<b>1,527,401</b>
Unrealised loss on foreign currency transactions for financial assets	(720)	(841,766)
Unrealised gain/(loss) on foreign currency transactions for financial liabilities	95,215	(102,075)
<b>Net change in unrealised gain/(loss) on foreign currency transactions</b>	<b>94,495</b>	<b>(943,841)</b>
<b>Net unrealised (loss)/gain on financial assets/liabilities at fair value through the profit or loss</b>	<b>(162,221)</b>	<b>583,560</b>
<b>Net realised and unrealised gain/(loss) on financial assets/liabilities at fair value through the profit or loss</b>	<b>630,644</b>	<b>(839,708)</b>

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 6. Net Realised and Unrealised Loss On Financial Assets/Liabilities At Fair Value Through Profit Or Loss (continued)

The Company currently uses forward currency exchange contracts to minimise the effects of the foreign currency risk associated with the currency management program in respect to the Euro Hedged Distribution Shares. As at 31 March 2018, a net gain in the amount of US\$779,053 (March 2017: loss of US\$2,969,455) was recognised in the statement of comprehensive income which reflects the currency management program of the Euro Hedged Distribution Shares. The currency management program seeks to mitigate the effect of foreign currency volatility on the performance of the Euro Hedged Distribution Shares. The currency management program aims to reduce the impact from fluctuations in the exchange rate between the Base Currency of the Euro Hedged Distribution Shares and the Base Currency of the Fund.

### 7. Financial Instruments and Associated Risks

The AIFM and the Investment Manager of the Fund, believe that managing investment risk in bank loans and corporate bonds, and avoiding the possible permanent loss of capital through defaults, is important to accomplishing the investment objective of the Fund.

First, managing downside risk starts with the Investment Manager's investment process. The Investment Manager focuses on the larger, rated issuers within the bank loan universe, screening out the smaller, unrated companies. Second, the Investment Manager focuses on issuers with deep management teams, divisible assets, junior debt in the capital structure, access to the capital markets, and liquidity in the loan issue.

Third, the Investment Manager believes that mitigating downside risk in bank loans includes an understanding of the asymmetric return profile of a loan.

The Company's strategy on the management of risks arising from the Fund's business activities is driven by the Fund's investment objective. These risks are managed on a daily basis by the Investment Manager with oversight from the AIFM. The Directors maintain overall responsibility for the establishment and oversight of the Company's, and the Fund's risk management framework. The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Company are discussed below.

#### A. Market Risk

The Fund must regularly disclose: (1) any changes to the maximum level of leverage that may be employed on behalf of the Fund; (2) any changes to any right of reuse of collateral or any guarantee granted under the leveraging arrangements; and (3) the total amount of leverage employed by the Fund.

The Fund will not utilise leverage directly at the level of its investments, either through borrowing for investment purposes or through derivative transactions (which are inherently leveraged). However, the Fund may:

- (i) utilise currency transactions (forward currency exchange contracts, currency futures, options or swap contracts) to hedge exposure to changes in the exchange rates between the Base Currency of the Sub-Fund and the currency of certain Shares. The use of such currency transactions will result in leverage, provided always that such leverage will be within the limits set out below; and
- (ii) borrow up to 5% of its NAV for temporary purposes, which will be for the purpose of meeting frictional liquidity requirements and bridging timing differences between transactions or for any other purpose deemed appropriate by the Investment Manager.

The maximum potential leverage of the Sub-Fund shall not exceed (i) 300 per cent of the NAV of the Fund, as calculated pursuant to the Commitment Method and (ii) 300 per cent of the NAV of the Fund, as calculated pursuant to the Gross Method. Shareholders will be notified of any change to these maximum levels of leverage.

"Leverage" for this purpose, means any method by which a Fund's exposure is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. As at 31 March 2018 and during the year there was no leverage on the Fund.

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and price risk. The Company's exposure to market risk is that the value of assets will generally fluctuate with among other things, general economic conditions, the conditions of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the loans that the Company invests in.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 7. Financial Instruments and Associated Risks (continued)

#### A. Market Risk (continued)

##### Currency risk

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the USD.

The Fund primarily focuses on U.S domestic issuers, but may also invest in USD denominated bank loans or securities issued by foreign (non-US) companies.

The current portfolio is denominated in USD with the exception of forward currency exchange contracts with a nominal value of US\$9,519,868 (March 2017: US\$7,650,690) which are denominated in Euro and are associated with the currency management program in respect of the Euro Hedged Distribution Shares.

##### *Sensitivity Analysis*

The below currency sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future rate movements and correlations between currencies could vary significantly from those experienced in the past.

As at 31 March 2018, had the exchange rate increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in the value of the forward currency exchange contracts, which are denominated in Euro and are associated with the currency management program in respect of the Euro Hedged Distribution Shares, would be US\$951,987 (March 2017: US\$765,069).

A 10% weakening of the USD against the Euro exchange rates would have resulted in an equal but opposite effect on the results and net assets positions of the Company of the amounts shown above, on the basis that all other variables remain constant.

##### Interest rate risk

The Company is exposed to interest rate risk on its interest earning financial assets. The Company will invest predominantly in floating rate loans that reference a base LIBOR rate plus a fixed spread. In the Senior Loan market, the borrower is permitted to set the interest period subject to certain conditions and this can create fluctuations in the Company's income.

The value of bonds and fixed rate loans may fall when interest rates rise. Debt securities with longer durations tend to be more sensitive to changes in interest rates, making them more volatile than debt securities with shorter duration instruments. Given the historically low interest rate environment in the U.S, risks associated with rising interest rates are heightened. Floating or adjustable rate securities (such as most loans) typically have less exposure to interest rate fluctuations and their exposure to interest rate fluctuations will generally be limited to the period of time until the interest rate on the security is reset. There is a risk of lag in the adjustment of interest rates between the periods when these interest rates are reset.

Should the underlying base rates materially change, it could impact the amount of money received in coupon payments. Rising rates would in general tend to benefit the coupon payments received, while falling rates would lower the coupon payments. Given today's low interest rate environment, most loan coupons also incorporate a LIBOR floor which mitigates the impact of rates falling lower. Given the floating rate nature of the asset class, the Company does not actively manage interest rate risk.

# Pacific Asset Management Fund plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

## 7. Financial Instruments and Associated Risks (continued)

### A. Market Risk (continued)

#### Interest rate risk (continued)

The following table details the Company's exposure to interest rate risks. It includes the Company's assets and trading liabilities at fair value categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities:

As at 31 March 2018

	< 1 month US\$	1 - 3 months US\$	> 3 months US\$	Non-interest bearing US\$	Total US\$
<b>Assets</b>					
Designated at fair value through profit or loss upon initial recognition:					
-Bank loans	3,482,209	56,192,305	4,579,957	-	64,254,471
-Corporate bonds	-	-	1,438,379	-	1,438,379
Financial assets held for trading:					
-Forward currency exchange contracts	-	-	-	2,334	2,334
Loans and receivables:					
Cash and cash equivalents	6,275,228	-	-	-	6,275,228
Receivable for investments sold	-	-	-	5,107,294	5,107,294
Receivable for fund shares sold	-	-	-	198,336	198,336
Interest and other receivables	-	-	-	388,252	388,252
<b>Total assets</b>	<b>9,757,437</b>	<b>56,192,305</b>	<b>6,018,336</b>	<b>5,696,216</b>	<b>77,664,294</b>
	< 1 month US\$	1 - 3 months US\$	> 3 months US\$	Non-interest bearing US\$	Total US\$
<b>Liabilities</b>					
Financial liabilities held for trading:					
-Forward currency exchange contracts	-	-	-	(5,769)	(5,769)
Financial liabilities measured at amortised cost:					
Payable for investments purchased	-	-	-	(8,759,815)	(8,759,815)
Payable for fund shares redeemed	-	-	-	(49,438)	(49,438)
Distribution payable	-	-	-	(359,175)	(359,175)
Tax payable	-	-	-	(51,369)	(51,369)
Accrued expenses	-	-	-	(292,220)	(292,220)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,517,786)</b>	<b>(9,517,786)</b>
<b>Total interest sensitivity gap</b>	<b>9,757,437</b>	<b>56,192,305</b>	<b>6,018,336</b>		

## Pacific Asset Management Fund plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 7. Financial Instruments and Associated Risks (continued)

#### A. Market Risk (continued)

##### Interest rate risk (continued)

As at 31 March 2017

	< 1 month US\$	1 - 3 months US\$	> 3 months US\$	Non-interest bearing US\$	Total US\$
<b>Assets</b>					
Designated at fair value through profit or loss upon initial recognition:					
-Bank loans	44,901,191	16,790,926	501,072	-	62,193,189
Financial assets held for trading:					
-Forward currency exchange contracts	-	-	-	2,532	2,532
Loans and receivables:					
Cash and cash equivalents	6,741,123	-	-	-	6,741,123
Receivable for investments sold	-	-	-	5,668,610	5,668,610
Interest and other receivables	-	-	-	594,061	594,061
<b>Total assets</b>	<b>51,642,314</b>	<b>16,790,926</b>	<b>501,072</b>	<b>6,265,203</b>	<b>75,199,515</b>
<b>Liabilities</b>					
Designated at fair value through profit or loss upon initial recognition:					
-Unfunded loans	-	(91,089)	-	-	(91,089)
Financial liabilities held for trading:					
-Forward currency exchange contracts	-	-	-	(101,545)	(101,545)
Financial liabilities measured at amortised cost:					
Payable for investments purchased	-	-	-	(10,404,083)	(10,404,083)
Payable for fund shares redeemed	-	-	-	(91,791)	(91,791)
Distribution payable	-	-	-	(1,674,928)	(1,674,928)
Accrued expenses	-	-	-	(358,709)	(358,709)
<b>Total liabilities</b>	<b>-</b>	<b>(91,089)</b>	<b>-</b>	<b>(12,631,056)</b>	<b>(12,722,145)</b>
<b>Total interest sensitivity gap</b>	<b>51,642,314</b>	<b>16,699,837</b>	<b>501,072</b>		

##### Sensitivity analysis

At 31 March 2018 had the base interest rates strengthened by 0.25% (March 2017: 0.25%) in relation to all holdings subject to interest with all other variables held constant, the finance expense on financial liabilities would have increased by US\$ 179,920 (March 2017: US\$ 172,108).

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONTINUED)

### 7. Financial Instruments and Associated Risks (continued)

#### A. Market Risk (continued)

##### Price risk

Price risk is the risk that the value of the instrument or investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Investment Manager monitors the investment prices on a daily basis and will consider market value in relation to each investment's credit quality and ability to repay in the case of underperforming or impaired investments.

##### Sensitivity Analysis

A 5% increase in market prices at 31 March 2018 would have increased the equity and profit for the year by US\$3,212,724 (March 2017: US\$3,105,105). An equal change in the opposite direction would have decreased the equity and profit for the year by an equal amount.

#### B. Credit risk

Credit risk refers to the possibility that the issuer of a debt security (i.e., the borrower) will not be able to make principal and interest payments when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Sub-Fund's investment in that issuer. The degree of credit risk depends on the issuer's financial condition and on the terms of the securities.

The Investment Manager manages the Company's exposure to credit risk through a process based on fundamental credit analysis; of particular importance are enterprise valuations, leverage, earnings before interest, taxes, depreciation and amortization ("EBITDA") trends, free cash flow, competitive position, industry dynamics, and an evaluation of management. In addition to an assessment of the issuer fundamentals, an evaluation of the loan structure is performed, paying attention to guarantors, collateral and financial covenants. The Investment Manager monitors the Company's investments by providing credit updates on existing holdings.

The carrying amounts of the financial assets best represent the maximum credit risk exposure at the reporting date.

At the reporting date, the Company's financial assets exposed to credit risk are as follows:

	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
	<b>Pacific Asset Management Senior Loan Fund</b>	<b>Pacific Asset Management Senior Loan Fund</b>
	<b>US\$</b>	<b>US\$</b>
Financial assets designated at fair value through profit or loss	65,692,850	62,193,189
Financial assets held for trading	2,334	2,532
Interest and other receivables	388,252	594,061
Receivable for investments sold	5,107,294	5,668,610
Receivable for fund shares sold	198,336	-
Cash and cash equivalents	6,275,228	6,741,123
<b>Total</b>	<b>77,664,294</b>	<b>75,199,515</b>

The Company is exposed to the risk of default by the issuing companies in honouring their obligations due with respect to the periodic payments or settlements of interest and principal on the bank loans. The bank loans are senior secured obligations of the issuing company and in the Investment Manager's opinion this mitigates the risk of loss in the event of default.

## Pacific Asset Management Fund plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

#### 7. Financial Instruments and Associated Risks (continued)

##### B. Credit risk (continued)

The Company is exposed to the risk that a loss may be sustained by the Company as a result of the failure of the other party to a derivative (usually referred to as a “counterparty”) to comply with the terms of the derivative contract. The credit risk for exchange-traded derivatives is generally less than for privately negotiated derivatives, since the clearing house, which is the issuer or counterparty to each exchange-traded derivative provides a guarantee of performance. This guarantee is supported by a daily payment system (i.e. margin requirements) operated by the clearing house in order to reduce overall credit risk.

For privately negotiated derivatives, there is no similar clearing agency guarantee. Therefore, the Investment Manager considers the creditworthiness of each counterparty to a privately negotiated derivative when evaluating potential credit risk.

All of the cash held by the Company is held within the sub-custodial network of State Street Bank and Trust Company on behalf of State Street Custodial Services (Ireland) Limited. Cash as a practical matter may not be held in physical segregation, therefore bankruptcy or insolvency by the Depository may cause the Company’s rights with respect to the cash held by the Depository to be delayed or limited. In addition State Street Bank London is the counterparty to all forward currency exchange contracts. Bankruptcy or insolvency of the State Street Group may cause the Company’s rights with respect to the assets and forward currency exchange contracts held by the State Street Group to be delayed or limited. The Investment Manager and the AIFM note the credit standing of State Street Corporation, the parent company of the Depository on a periodic basis based on the credit ratings reported by Standard & Poor’s. Where any deterioration is noted, actions will be taken as deemed necessary. The credit rating of State Street Corporation, as at 31 March 2018 based on S&P ratings is A (March 2017: A).

All of the bank loans are held by Antares Capita, Antares Holdings, Bank of America, Bank of Nova Scotia, Barclays Bank, Barclays Capital, BMO Capital Markets Corporation, Citibank, Cortland Capital Market Services, Credit Suisse, DB Core, Deutsche Bank, Goldman Sachs & Co., Goldman Sachs Bank, Jefferies Finance, JP Morgan Chase & Co., JP Morgan Chase Bank, KeyBank USA, KKR Loan Administration Service, Morgan Stanley & Co., Morgan Stanley Bank, Nomura Corporate Funding Americas, Nomura Securities International, RBC Capital Markets Corporation, Royal Bank of Canada, UBS, Wells Fargo Bank and Wilmington Savings Fund Society (“Agent Banks”). Bankruptcy or insolvency of an Agent Bank may cause the Fund’s rights with respect to assets held by the Agent Bank to be delayed. The Company monitors its risk by monitoring the credit quality and financial position of the Agent Banks it uses.

The Company’s financial assets exposed to credit risk were concentrated in the following geographical areas:

	<b>As at 31 March 2018 % of Market Value</b>	<b>As at 31 March 2017 % of Market Value</b>
Canada	4.31	3.22
Luxembourg	1.20	0.69
Marshall Islands	-	0.50
Netherlands	1.41	-
United Kingdom	3.05	-
United States	90.03	95.59
	<b>100.00</b>	<b>100.00</b>

The Company held investments in corporate bonds and bank loans with the following publicly quoted credit ratings:

	<b>As at 31 March 2018 % of Market Value</b>	<b>As at 31 March 2017 % of Market Value</b>
BBB and above	2.73	6.33
BB	30.29	32.67
B	50.78	46.96
CCC	12.88	11.26
CC and below	0.00	0.48
Cash	3.32	2.30
	<b>100.00</b>	<b>100.00</b>

## Pacific Asset Management Fund plc

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

#### 7. Financial Instruments and Associated Risks (continued)

##### B. Credit Risk (continued)

The Company's financial assets exposed to credit risk were concentrated in the following industries:

	As at 31 March 2018 % of Market Value	As at 31 March 2017 % of Market Value
Aerospace	2.92	4.17
Cash	3.32	2.30
Chemicals	4.25	5.45
Consumer Non-Durables	1.74	-
Energy	1.56	2.53
Financial	8.40	4.18
Food & Drug	0.69	3.11
Food & Tobacco	6.06	8.46
Forest Products & Containers	8.43	7.26
Gaming & Leisure	9.60	6.13
Healthcare	3.76	1.95
Housing	4.10	6.63
Information Technology	10.29	10.53
Manufacturing	9.48	6.68
Media & Telecom	7.05	5.81
Metals & Minerals	0.36	4.63
Retail	5.63	6.78
Service	7.06	9.65
Transportation	2.59	1.03
Utility	2.71	2.72
	<b>100.00</b>	<b>100.00</b>

##### C. Liquidity risk

The Company's financial instruments include investments in unlisted bank loan instruments which are not traded in an organised public market and which may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.

The secondary market for bank loans can experience periods of limited liquidity and at times trade settlement in the loan market can take up to four weeks, therefore in addition to the credit quality of each investment, the Investment Manager also monitors market and loan issue liquidity and reviews daily the Company's ability to meet liabilities due or invest in new securities opportunities.

## Pacific Asset Management Fund plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 7. Financial Instruments and Associated Risks (continued)

#### C. Liquidity risk (continued)

The table below shows the contractual, undiscounted cash flows of the Company's financial liabilities:

##### As at 31 March 2018

Pacific Asset Management Senior Loan Fund	Less than 1 month US\$	1-3 months US\$	3 months to 1 year US\$	No stated maturity US\$	Total US\$
<b>Financial liabilities</b>					
Forward currency exchange contacts	(5,769)	-	-	-	(5,769)
Payable for investments purchased	(8,759,815)	-	-	-	(8,759,815)
Payable for fund shares redeemed	(49,438)	-	-	-	(49,438)
Other payables and accrued expenses	(702,764)	-	-	-	(702,764)
Net assets attributable to holders of redeemable participating shares	(68,146,508)	-	-	-	(68,146,508)
	<b>(77,664,294)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77,664,294)</b>

##### As at 31 March 2017

Pacific Asset Management Senior Loan Fund	Less than 1 month US\$	1-3 months US\$	3 months to 1 year US\$	No stated maturity US\$	Total US\$
<b>Financial liabilities</b>					
Unfunded loans	-	(91,089)	-	-	(91,089)
Forward currency exchange contacts	(101,545)	-	-	-	(101,545)
Payable for investments purchased	(10,404,083)	-	-	-	(10,404,083)
Payable for fund shares redeemed	(91,791)	-	-	-	(91,791)
Other payables and accrued expenses	(2,033,637)	-	-	-	(2,033,637)
Net assets attributable to holders of redeemable participating shares	(62,477,370)	-	-	-	(62,477,370)
	<b>(75,108,426)</b>	<b>(91,089)</b>	<b>-</b>	<b>-</b>	<b>(75,199,515)</b>

#### D. Capital management

The capital of the Company is represented by the net assets. The amount of net assets can change significantly on a daily basis, as the Company is subject to daily subscriptions and redemptions at the discretion of the Shareholders of the Fund. The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for Shareholders, and to maintain a strong capital base to support the development of investment activities.

In order to maintain or adjust the capital structure, the Company's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets of the Fund.
- redeem and issue new shares in accordance with the constitutional documents of the Company, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The AIFM and the Investment Manager monitor capital on the basis of the value of net assets attributable to holders of Redeemable Participating Shares for the Fund.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 7. Financial Instruments and Associated Risks (continued)

#### E. Cybersecurity risk

Cybersecurity breaches may occur allowing an unauthorized party to gain access to assets of the Fund, Shareholder data, or proprietary information, or may cause the Company, the AIFM, Investment Manager, the Administrator or the Depositary to suffer data corruption or lose operational functionality.

The Fund may be affected by intentional cybersecurity breaches which include unauthorized access to systems, networks, or devices (such as through “hacking” activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of Shareholder data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the Company, the AIFM, the Investment Manager, the Administrator, the Depositary, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, Shareholders may lose some or all of their invested capital. In addition, such incidents could affect issuers in which the Fund invests, and thereby cause the Fund’s investments to lose value, as a result of which investors, including the Fund and its Shareholders, could potentially lose all or a portion of their investment with that issuer.

### 8. Efficient Portfolio Management (“EPM”)

The Company may employ investment techniques and instruments for efficient portfolio management of the assets of any Fund and, in particular, the Company may, for the purpose of hedging (whether against currency, exchange or interest rate risks or otherwise), or for direct investment purposes invest in derivative financial instruments.

Efficient portfolio management means investment techniques involving transactions that are entered into for one or more of the following specific aims: the reduction of risk, the reduction of cost, or the generation of additional capital or income for the Fund with an appropriate level of risk, taking into account the risk profile of the Fund. New techniques and instruments may be developed which may be suitable for use by the Company and the Company (subject as aforesaid and to the requirements of the Central Bank) may employ such techniques and instruments.

Forward currency exchange contracts are commitments either to purchase or sell a designated currency at a specified future date at a specified exchange rate and may be settled on a cash or delivery basis. Forward currency exchange contracts are individually traded over-the-counter contracts. Forward currency exchange contracts result in credit exposure to the counterparty.

Forward currency exchange contracts result in exposure to exchange rate risk based on changes in exchange rates relative to contracted amounts. Exchange rate risks arise due to the possible movement in foreign currency exchange rates. In addition, because of the low margin deposits normally required in relation to notional contract sizes, a high degree of leverage may be typical of a forward trading account. As a result, a relatively small price movement in an underlying forward currency exchange contract may result in substantial losses to the Company. Forward currency exchange contracts are generally subject to liquidity risk.

Notional amounts are the underlying reference amounts to stock exchange indices, equities and foreign currencies upon which the fair value of the forward currency exchange contracts traded by the Company are based. While notional amounts do not represent the current fair value and are not necessarily indicative of the future cash flows of the Company’s forward currency exchange contracts, the underlying price changes in relation to the variables specified by the notional amounts affect the fair value of these derivative financial instruments.

### 9. Fees and Expenses

#### Alternative Investment Fund Manager’s fee

Under the provisions of the AIFM Agreement, the AIFM will be paid a fee by the Investment Manager out of the investment management fee, accrued at each Valuation Point, together with any Value Added Tax (“VAT”), if applicable and payable monthly in arrears.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 9. Fees and Expenses (continued)

#### Alternative Investment Fund Manager's fee (continued)

The AIFM shall also be entitled to be repaid out of the investment management fee all of its reasonable out of pocket expenses incurred on behalf of the Sub-Fund together with VAT (if any thereon).

#### Investment Manager's fee

Under the provisions of the Investment Management Agreement, the Company will pay the Investment Manager a fee at a rate of up to 0.60% of the NAV of the Fund per annum in respect of its duties as Investment Manager of the Fund or class of shares.

The Investment Manager is entitled to this annual fee out of the assets of the Fund, accrued at each Valuation Point and payable quarterly in arrears based on the NAV of the Fund as at the immediately preceding Valuation Point (together with any applicable VAT).

The Investment Manager is also entitled to receive out of the assets of the Fund reasonable and properly vouched out of pocket expenses incurred on behalf of the Fund.

The Investment Management Fees, which were charged to the Company and which remained payable at year end, are disclosed in Note 15. There was an expense cap reimbursement to the Company during the financial year and is disclosed in Note 15.

#### Performance fee

A performance fee will not be charged by the Investment Manager in respect of the Fund.

#### Administration fee

An administration fee of up to 6.0 basis points of the NAV of the Fund per annum may be paid to State Street Fund Services (Ireland) Limited (the "Administrator") in respect of the aggregate services provided by the Administrator to the Fund under the administration agreement. The fees will accrue daily and shall be payable monthly in arrears based on the NAV of the Fund as at the immediately preceding Valuation Point (together with any applicable VAT). For the avoidance of doubt, the administration fee includes all pricing data or other valuation-related costs and charges. The Administrator shall also be entitled to be paid, out of the assets of the Fund, any properly vouched out-of-pocket expenses incurred in the performance of its duties.

During the year, administration fees of US\$47,400 (March 2017: US\$70,515) were charged to Company, of which US\$6,880 (March 2017: US\$3,685) remained payable at financial year end and is therefore included in the Statement of Financial Position.

#### Depositary fee

A Depositary fee of up to 3.0 basis points of the NAV of the Fund per annum may be paid to the Depositary in respect of the aggregate services provided by the Depositary to the Fund under the depositary agreement. Such fees may be charged to the assets of the Fund. The fees will accrue daily and shall be payable monthly in arrears based on the NAV of the Fund as at the immediately preceding Valuation Point (together with any applicable VAT). The Depositary shall also be entitled to receive, out of the assets of the Fund any properly vouched out-of-pocket expenses in the provisions of its duties.

During the year, Depositary fees of US\$23,999 (March 2017: US\$47,450) were charged to the Company, of which US\$4,382 (March 2017: US\$2,075) remained payable at financial year end and is therefore included in the Statement of Financial Position.

#### Directors' remuneration

The Irish resident Directors shall be entitled to a fee in remuneration for their services in acting as Directors of the Company at a rate to be determined from time to time by the Directors, but so that the aggregate amount of the Irish resident Directors' remuneration in any one year shall not exceed €30,000 (March 2017: €30,000) per Fund. This fee may increase over time if further Sub-Funds are added.

The Directors may also be paid all travelling, hotel and other expenses, properly incurred by them, in attending and returning from meetings of the Directors or general meetings of the Company or in connection with the business of the Company. The Directors may in addition to such remuneration as aforesaid grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company and such remuneration will be at normal commercial rates. Such fee and expenses shall be payable by the Company.

The Directors' fees which were charged to the Company and which remained payable at year end are disclosed in Note 10 and 11.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 9. Fees and Expenses (continued)

#### Waivers and Reimbursements

An expense cap reimbursement is in place to ensure that the expenses for the Fund are not greater than the maximum agreed rates. The following are the maximum rates of the relevant Share Classes of the Fund:

US Dollar Capitalization Share Class – 75 basis points  
Euro Hedged Distribution Share Class – 80 basis points

Any fees and expenses of the Fund (other than extraordinary expenses) in excess of such is borne by the Investment Manager out of its own assets.

#### Auditors' fee

Fees charged by the Auditors to the Company for services rendered during the financial year ended 31 March 2018, relate to the following:

	As at 31 March 2018	As at 31 March 2017
Audit of these financial statements	(18,000)	(48,500)
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
	<b>(18,000)</b>	<b>(48,500)</b>

During the year, Reporting fees of US\$15,001 (March 2017: US\$26,499) were charged to the Company, of which US\$12,806 (March 2017: US\$11,555) remained payable at financial year end and is therefore included in the Statement of Financial Position.

### 10. Accrued Expenses

	As at 31 March 2018	As at 31 March 2017
Investment Management fee payable	(99,862)	(222,385)
Administration fee payable	(6,880)	(3,685)
Legal & Professional fee payable	(73,872)	(42,804)
Depository fee payable	(4,382)	(2,075)
Directors fee payable	(23,127)	(10,176)
Audit and reporting fees payable	(50,320)	(48,273)
Miscellaneous fees payable	(344)	(637)
Bank Loan payable	-	(2,075)
Currency Overlay fee payable	(12,986)	(6,603)
Company Secretary fee payable	(12,313)	(14,669)
Central Bank fee payable	(8,134)	(5,327)
	<b>(292,220)</b>	<b>(358,709)</b>

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 11. Other Expenses

	Financial Year ended 31 March 2018	Financial Year ended 31 March 2017
Bank Loan fee	(23,999)	(20,351)
Currency Overlay fee	(6,383)	(32,570)
Company Secretary fee	(16,560)	(16,560)
Directors Insurance fee	(15,750)	(15,750)
Central Bank fee	(2,807)	(2,807)
Miscellaneous fee	(37,650)	(14,072)
	<b>(103,149)</b>	<b>(102,110)</b>

### 12. Exchange Rates

The following exchange rates (against the US\$) were used to convert the investments and other assets and liabilities denominated in currencies other than US\$:

	As at 31 March 2018	As at 31 March 2017
Euro	0.812711	0.937383

### 13. Contingent liabilities

There were no contingent liabilities as at 31 March 2018 and 31 March 2017.

### 14. Soft commissions/Direct brokerage

There was no soft commission arrangements in place/direct brokerage services utilised during the financial year ended 31 March 2018 and 31 March 2017.

### 15. Related Party Transactions

The Company has appointed Pacific Life Fund Advisors, LLC trading as Pacific Asset Management as Investment Manager and KBA Consulting Management Limited as Alternative Investment Fund Manager.

The Directors of the Company, the Investment Manager and the AIFM are the related parties under IAS 24 'Related Party Transactions'. Please refer to Note 9 for details on fees paid to related parties.

Dominic Nolan, who was a director of the Company, is a Senior Managing Director and a member of the firm's Executive Investment Committee for the Investment Manager during the financial year. Mark R. Falk who was a director of the Company, is a Vice President for Pacific Life Insurance, the parent company of the Investment Manager. Dominic Nolan and Mark R. Falk resigned from the board on 24 May 2018. Brian Dunleavy, a Director of the Company effective 24 May 2018, is also a senior consultant with KBA Consulting Management Limited, who acts as AIFM to the Company.

During the financial year, Investment Management Fees amounting to US\$393,213 (March 2017: US\$572,589) were charged to the Company, of which US\$99,862 (March 2017: US\$222,385) remained payable at the financial year end and is therefore included in the statement of financial position. There was an expense cap reimbursement of US\$221,534 (March 2017: US\$195,925) to the Company during the financial year and is therefore included in the statement of comprehensive income, of which US\$50,453 (March 2017: US\$136,055) was repayable to the Company at the financial year end.

During the financial year, Directors' fees and expenses amounting to US\$42,128 (March 2017: US\$32,259) were charged to the Company, of which US\$23,127 (March 2017: US\$10,176) remained payable at the financial year end and is therefore included in the statement of financial position.

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 15. Related Party Transactions (continued)

#### MLRO fees

The Money Laundering Reporting Officer ("MLRO") of the Fund is an employee of KB Associates which is part of the same economic group as the AIFM. The MLRO earned fees of US\$4,347 during the financial year (2017: Nil), of which US\$1,124 was payable at 31 March 2018 (2017: Nil). The MLRO fees are paid by Pacific Asset Management. With the exception of the above, there are no other related party transactions.

As at 31 March 2018, Pacific Life Insurance Company held 500,000 (March 2017: 500,000) shares of the Fund's US Dollar Capitalization Shares at a value of US\$56,510,000 (March 2017: US\$54,365,000).

### 16. United States Generally Accepted Accounting Principles ("US GAAP") Supplemental Information

#### US GAAP Reconciliation of Profit and Net assets attributable to holders of redeemable participating shares as of and for the relevant year to 31 March 2018:

The Fund is an investment company following the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946 Financial Services – Investment Companies.

There is no difference arising between the IFRS basis and US GAAP basis of accounting.

#### Derivatives

The following disclosure identifies the notional amount and the location and fair value amounts of the company's derivative instruments as at 31 March 2018 on the Statement of Financial Position and the effect on the statement of comprehensive income. The notional amount represents a standard measurement of the volume of the derivatives.

At 31 March 2018 the statement of financial position included the following financial derivative instrument fair values.

#### Fair Values of derivative instruments as of March 31, 2018:

	Notional US\$	Estimated Fair Value	
		Asset US\$	Liability US\$
Forward currency exchange contracts	9,519,868	2,334	(5,769)
	<b>9,519,868</b>	<b>2,334</b>	<b>(5,769)</b>

#### Fair Values of derivative instruments as of March 31, 2017:

	Notional US\$	Estimated Fair Value	
		Asset US\$	Liability US\$
Forward currency exchange contracts	7,650,690	2,532	(101,545)
	<b>7,650,690</b>	<b>2,532</b>	<b>(101,545)</b>

For the financial year ended 31 March 2018 financial derivative instruments had the following effect on the statement of comprehensive income.

## Pacific Asset Management Fund plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 16. United States Generally Accepted Accounting Principles (“US GAAP”) Supplemental Information (continued)

#### Derivative's activity based on their notional amounts and number of contracts

As at 31 March 2018

	Buy Transactions		Sell Transactions	
	Number of contracts	Average Notional amounts	Number of contracts	Average Notional amounts
Forward currency exchange contracts	252	US\$ 936,533	261	US\$ 904,408
		<b>US\$ 936,533</b>		<b>US\$ 904,408</b>

As at 31 March 2017

	Buy Transactions		Sell Transactions	
	Number of contracts	Average Notional amounts	Number of contracts	Average Notional amounts
Forward currency exchange contracts	111	US\$ 4,789,964	93	US\$ (5,345,329)
		<b>US\$ 4,789,964</b>		<b>US\$ (5,345,329)</b>

#### Uncertain tax position provision

ASC 740 “Accounting for Uncertainty in Income Taxes” clarifies the accounting for uncertainty in income taxes recognised in the Company’s financial statements. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 requires that the Company determines whether it is more likely than not that a tax position will be sustained upon examination including resolution of any related appeals or litigation processes based on the technical merit of the position. In evaluating whether a tax position has met the more likely than not recognition threshold, the Company should presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognise in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 per cent likely of being realised upon settlement. The Fund reviews and evaluates their tax positions in its major jurisdictions where the Fund is recognized and where the Fund makes investments. Management has concluded there are no provisions for uncertain tax positions required to record as a result.

#### Redemptions Payable

ASC 480 “Distinguishing Liabilities from Equity” requires that shares or interests to be redeemed due to an irrevocable redemption request made prior to the financial year end for a redemption effective immediately after the year end and to be paid after the year end either for a fixed amount or at an amount determined based on the NAV at the year-end are considered financial liabilities and classified as redemptions payable. The Company had no such redemption requests as at 31 March 2018 or 31 March 2017.

# Pacific Asset Management Fund plc

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

## 16. United States Generally Accepted Accounting Principles (“US GAAP”) Supplemental Information (continued)

### Financial Highlights

As at 31 March 2018

	U.S. Dollar Capitalization Share Class	Euro Hedged Distribution Share Class
	US\$	€
<b>Per Share Operating Performance</b>		
Net asset value, beginning of year	108.73	76.56
<i>Income from investment operations:</i>		
Net investment income	4.68	3.50
Net realised and unrealised gain on investment transactions	(0.42)	(1.96)
Total from investment operations	4.26	1.54
Less distributions	0.00	(2.83)
Total distributions	0.00	(2.83)
Net asset value, end of year	112.99	75.27

As at 31 March 2017

	U.S. Dollar Capitalization Share Class	Euro Hedged Distribution Share Class
	US\$	€
<b>Per Share Operating Performance</b>		
Net asset value, beginning of year	101.22	93.21
<i>Income from investment operations:</i>		
Net investment income	4.46	4.17
Net realised and unrealised gain/(loss) on investment transactions	3.05	0.70
Total from investment operations	7.51	4.87
Less distributions	0.00	(21.52)
Total distributions	0.00	(21.52)
Net asset value, end of year	108.73	76.56

### Average net asset ratios:

As at 31 March 2018

	U.S. Dollar Capitalization Share Class	Euro Hedged Distribution Share Class
Net investment income/(expense) <sup>(1)</sup> <sup>(3)</sup>	4.22%	4.52%
Total Operating expenses <sup>(3)</sup>	-0.82%	-0.54%
Total Return <sup>(2)</sup> <sup>(4)</sup>	3.91%	2.01%

# Pacific Asset Management Fund plc

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

### 16. United States Generally Accepted Accounting Principles (“US GAAP”) Supplemental Information (continued)

#### Financial Highlights (continued)

#### Average net asset ratios: (continued)

As at 31 March 2017

	U.S. Dollar Capitalization Share Class	Euro Hedged Distribution Share Class
Net investment income/ (expense) <sup>(1) (3)</sup>	4.23%	4.15%
Total Operating expenses <sup>(3)</sup>	-0.79%	-0.82%
Total Return <sup>(2) (4)</sup>	7.42%	5.23%

(1) The net investment income per share ratio represents the expenses and net investment income divided by average net assets in issue during the period.

(2) The total return is calculated by dividing the change in the per share value for the period by the NAV per share at the beginning of the financial year. The total return of a Share Class is calculated before distributions, where applicable.

(3) All ratios are annualized with the exception of total return

(4) The total return does not include the dividend distribution.

### 17. Historical net asset value details of the funds

	U.S. Dollar Capitalization Share Class US\$	Euro Hedged Distribution Share Class €
<b>31 March 2018</b>		
Total NAV	58,555,214	7,794,950
NAV per share	112.99	75.27
<b>31 March 2017</b>		
Total NAV	56,526,272	5,578,458
NAV per share	108.73	76.56
<b>31 March 2016</b>		
Total NAV	52,625,350	39,193,377
NAV per share	101.22	93.21

### 18. Significant Events during the Financial Year

A capital distribution of US\$22.96 per share, as permitted by the prospectus and the supplement of the Fund, amounting to US\$1,673,128 was declared by the Directors for ex-date 31 March 2017. This distribution was paid to Euro Hedged Distribution Shares’ Shareholders of the Fund on 11 April 2017.

### 19. Significant Events after the Financial Year end

A capital distribution of US\$3.48 per share, as permitted by the prospectus and the supplement of the Fund, amounting to US\$358,949 was declared by the Directors for ex-date 29 March 2018. This distribution was paid to Euro Hedged Distribution Shares’ Shareholders of the Fund on 13 April 2018.

Please note that the following Directors resigned from the board on 24 May 2018:

Dominic Nolan (American Resident)  
Bronwyn Wright (Irish Resident)  
Máire O’Connor (Irish Resident)  
Mark R. Falk (American Resident)

## **Pacific Asset Management Fund plc**

### ***NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)***

#### **19. Significant Events after the Financial Year end (continued)**

Please note that the following Directors were appointed on 24 May 2018:

Dirk (Rick) Van de Camp (Dutch Resident)  
Martijn Van Vliet (Dutch Resident)  
Brian Dunleavy (Irish Resident)  
Conor Hoey (Irish Resident)

The subscribing shares of the Company were transferred from Pacific Asset Management and Pacific Life Insurance Company to Candoris BV and Dirk (Rick) Van de Kamp, effective 24 May 2018.

HMP Secretarial Limited acted as Company Secretary and was replaced in this role by KB Associates on 24 May 2018.

McCann FitzGerald acted as Legal Advisors in Ireland and were replaced in this role by Pinsent Masons (Ireland) on 24 May 2018.

There were no other significant events affecting the Company since the statement of financial position date which require adjustment to or disclosure in the financial statements.

#### **20. Approval of the Financial Statements**

The Directors approved the financial statements on 19 July 2018.

# Pacific Asset Management Fund plc

## Appendix 1

### Remuneration Disclosure (unaudited)

#### General

These disclosures are made in respect of the remuneration policies of KBA Consulting Management Limited, (the “AIFM”). The disclosures are made in accordance with the Alternative Investment Fund Managers Directive (2011/61/EU) (“AIFMD”), the Commission Delegated Regulation (EU) No. 231/2013 and the guidelines on sound remuneration policies under AIFMD issued by the European Securities and Markets Authority (ESMA/2013/232).

#### Remuneration policies and practices

The AIFM has established, implemented and maintains a remuneration policy which meets the requirements of, and complies with the principles set out in, Schedule 2 of the AIFMD Regulations and the European Securities and Markets Authority (“ESMA”) Remuneration Guidelines, ESMA/2013/201 (the “Remuneration Guidelines”) and also ensures that the Investment Manager has an appropriate remuneration policy in place which is consistent with the Remuneration Guidelines.

The AIFM’s remuneration policy applies to its identified staff whose professional activities might have a material impact on the Company’s risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Company. The AIFM’s policy is to pay identified staff a fixed component with the potential for identified staff to receive a variable component. It is intended that the fixed component will represent a sufficiently high proportion of the total remuneration of the individual to allow the AIFM to operate a fully flexible policy, with the possibility of not paying any variable component. When the AIFM pays a variable component as performance related pay certain criteria, as set out in the AIFM’s remuneration policy, must be adhered to. The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the relevant staff rank and professional activity as well as best market practice. The AIFM’s remuneration policy is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Company.

Consistent with the principal of proportionality referred to in Section 7 of the Remuneration Guidelines the payout process requirements in the Remuneration Guidelines have been no longer applied in the AIFM’s remuneration policies. This disapplication has been made following assessment by the AIFM of each of the payout process requirements and takes account of specific facts applicable to the AIFM and is appropriate to the AIFM’s size, internal organisation and the nature, scope and complexity of its activities.

Total remuneration paid to the staff of the AIFM fully or partly involved in the activities of the Company that have a material impact on the Company’s risk profile during the financial year to 31 December 2017 and 31 December 2016:

	31 December 2017	31 December 2016
<b>Fixed remuneration</b>	EUR	EUR
Senior management	85,425	101,917
Other identified staff	37,500	35,000
<b>Variable remuneration</b>		
Senior management	-	-
Other identified staff	-	-
Total remuneration paid	<u>122,925</u>	<u>136,917</u>

No. of beneficiaries: 5

Note 7 to the financial statements describes the risk associated with investing in the Company. For additional information regarding the Company’s risk profile and information regarding how the AIFM seeks to manage conflicts of interest, please refer to the Company’s Prospectus.

# Pacific Asset Management Fund plc

## Appendix 1

### Remuneration Disclosure (unaudited) (continued)

#### Remuneration policies and practices (continued)

Pacific Life Fund Advisors, LLC trading as Pacific Asset Management, has been appointed as the Investment Manager to the Company (the “Investment Manager”). The Investment Manager has remuneration policies and practices which apply to its staff whose professional activities might have a material impact on the Company’s risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Company (“Identified Staff”) which it believes are: (i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the investment objectives and policies and the investment restrictions and (ii) appropriate to the size, internal organisation and the nature, scope and complexity of the Investment Manager’s activities.

The current remuneration practices of the Investment Manager provide that variable remuneration is paid to the Identified Staff of the Investment Manager based, among other things, on the overall performance of the Investment Manager’s group, the overall performance of the Investment Manager and the relevant individual’s overall contributions to that performance. When assessing individual performance, financial as well as non-financial criteria are taken into account and, upon such assessment, the performance attributed to an individual may be adjusted when determined to be appropriate having regard to a variety of factors including where it is believed by the Investment Manager that such adjustment does not encourage risk-taking which is inconsistent with the investment objectives and policies and the investment restrictions of the Company. The discretionary process for allocating variable remuneration takes a variety of factors into account. For investment professionals at a senior level, the performance (both overall and year to year) of the funds for which they have responsibility (including, in the context of the Company and its subsidiaries) is a key consideration.

The Investment Manager (i) does not pay guaranteed variable remuneration to the staff responsible for managing the assets of the Company and its subsidiaries except in an exceptional case in the context of hiring new staff and in which it is limited in time and typically limited to the first year; and (ii) no payments will be made related to the termination of an employment contract that are exclusively based on the relevant individual’s performance in relation to the Company and its subsidiaries.

The total number of Identified Staff of the Investment Manager as at 31 March 2018 was 19.

The Investment Manager’s pay to Identified Staff relates to all funds which the Identified Staff currently manage. The assets under management of the Identified Staff as at 31 March 2018 was US\$9.1bn (31 March 2017: US \$6.3bn) of which the Company represents US \$68m (31 March 2017: US \$62m) or 0.75% of total assets managed by the Identified Staff (31 March 2017: 0.98%).