

Fund Information

Fund Name

Public Index Fund (PIX)

Fund Category

Equity

Fund Investment Objective

To achieve long-term capital appreciation while at the same time attempting to outperform the FTSE Bursa Malaysia Top 100 Index.

Fund Performance Benchmark

The benchmark of the Fund is the FTSE Bursa Malaysia Top 100 Index (FBM 100).

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Fund Distribution Policy

Incidental

Breakdown of Unitholdings of PIX as at 31 July 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	9,492	20.90	30
5,001 to 10,000	9,194	20.25	67
10,001 to 50,000	20,006	44.05	464
50,001 to 500,000	6,630	14.60	724
500,001 and above	89	0.20	81
Total	45,411	100.00	1,366

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 31 July 2018

	Average Total Return of PIX (%)
1 Year	4.26
3 Years	3.88
5 Years	2.99

Fund Performance

For the Financial Period Ended 31 July 2018

Annual Total Return for the Financial Years Ended 31 January

Year	2018	2017	2016	2015	2014
PIX (%)	12.66	1.74	-3.04	1.55	15.95

The calculation of the above returns is based on computation methods of Lipper.

Notes:

1. **Total return** of the Fund is derived by this formulae:

$$\left(\frac{\text{End of Period FY}_{\text{Current Year}} \text{ NAV per unit}}{\text{End of Period FY}_{\text{Previous Year}} \text{ NAV per unit}} \right) - 1$$

(Adjusted for unit split and distribution paid out for the period)

The above total return of the Fund was sourced from Lipper.

2. **Average total return** is derived by this formulae:

$$\frac{\text{Total Return}}{\text{Number of Years Under Review}}$$

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

Other Performance Data for the Past Three Financial Periods Ended 31 July

	2018	2017	2016
Unit Prices (MYR)			
Highest NAV per unit for the period	0.6992	0.6811	0.6530
Lowest NAV per unit for the period	0.6419	0.6296	0.6234
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	923,019	963,610	931,392
UIC (in '000)	1,366,593	1,445,484	1,466,976
NAV per unit (MYR)	0.6754	0.6666	0.6349
Total Return for the Period (%)	-1.82	6.09	0.43
Capital growth (%)	-2.66	5.08	-0.46
Income (%)	0.86	0.96	0.89
Management Expense Ratio (%)	1.55	1.56	1.56
Portfolio Turnover Ratio (time)	0.09	0.07	0.07

Notes: Management Expense Ratio is calculated by taking the total management expenses expressed as an annual percentage of the Fund's average net asset value.

Portfolio Turnover Ratio is calculated by taking the average of the total acquisitions and disposals of the investments in the Fund for the period over the average net asset value of the Fund calculated on a daily basis.

Fund Performance

For the Financial Period Ended 31 July 2018

Asset Allocation for the Past Three Financial Periods

	As at 31 July (Percent of NAV)		
	2018 %	2017 %	2016 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Ordinary Shares			
Basic Materials	4.2	2.5	2.9
Communications	7.2	9.4	11.4
Consumer, Cyclical	6.7	5.9	5.1
Consumer, Non-cyclical	14.7	10.6	12.5
Diversified	0.7	8.4	7.3
Energy	6.2	6.2	5.7
Financial	37.0	36.0	27.4
Industrial	5.7	7.0	5.5
Technology	0.6	-	-
Utilities	7.8	7.3	8.6
	90.8	93.3	86.4
Preference Shares			
Financial	0.1	0.1	-
TOTAL QUOTED EQUITY SECURITIES	90.9	93.4	86.4
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
Financial	1.4	2.0	2.0
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	1.4	2.0	2.0
COLLECTIVE INVESTMENT SCHEMES			
Unquoted			
Malaysia			
Funds	1.1	1.0	-
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEMES	1.1	1.0	-
DEPOSITS WITH FINANCIAL INSTITUTIONS	6.6	3.5	11.8
OTHER ASSETS & LIABILITIES	-	0.1	-0.2

Manager's Report

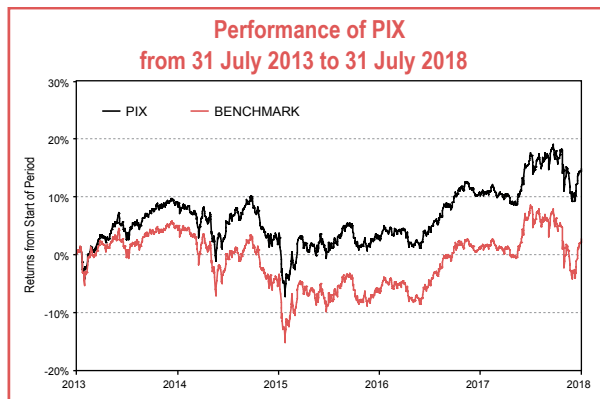
Overview

This Interim Report covers the financial period from 1 February 2018 to 31 July 2018.

Public Index Fund (PIX or the Fund) aims to achieve long-term capital appreciation while at the same time attempting to outperform the FTSE Bursa Malaysia Top 100 Index.

For the financial period under review, the Fund registered a return of -1.82% as compared to its Benchmark's return of -4.92%. The Fund's equity portfolio registered a return of -1.12% while its money market portfolio registered a return of +1.63% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 31 July 2018, the Fund generated a total return of +14.95% and outperformed the Benchmark's return of +2.77% over the same period.



The Benchmark of the Fund is the FTSE Bursa Malaysia Top 100 Index (FBM 100) which comprises the top 100 large and mid-cap companies by full market capitalisation listed on the Bursa Malaysia Main Market.

Effect of Distribution Reinvestment on Portfolio Exposures

There were no distributions declared for the period ended 31 July 2018.

Change in Portfolio Exposures from 31-Jan-18 to 31-Jul-18

	31-Jan-18	31-Jul-18	Change	Average Exposure
Equities & Related Securities	92.8%	92.3%	-0.5%	94.60%
Money Market	7.2%	7.7%	+0.5%	5.40%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	-1.12%	-4.92%	FBM 100 Overnight Rate	94.60%	-1.06%
Money Market	1.63%	1.58%		5.40%	0.09%
less: Expenses					-0.85%
Total Net Return for the Period					-1.82%
FBM 100	= FTSE Bursa Malaysia Top 100 Index				
Overnight Rate	= Bank Negara Weighted Average Overnight Interbank Rate				

Equity Portfolio Review

For the financial period under review, the Fund's equity portfolio registered a return of -1.12% as compared to the Benchmark's return of -4.92%. The Fund's equity portfolio outperformed the Benchmark as its selected holdings within the Technology and Energy sectors outperformed the broader market during the financial period under review.

The Fund commenced the financial period under review with an equity exposure of 92.8% and maintained an equity weight of above 90% throughout the financial period under review. The Fund ended the financial period under review with an equity exposure of 92.3%. Based on an average equity exposure of 94.60%, the Fund's equity portfolio is deemed to have registered a return of -1.06% to the Fund as a whole for the financial period under review. A full review of the performance of the equity market is tabled in the following sections.

Sector Allocation

In terms of sector allocation within the equity portfolio, the top 5 sectors accounted for 74.9% of the Net Asset Value (NAV) of the Fund and 81.1% of the Fund's equity portfolio. The weightings of the top 5 sectors in Malaysia are in the following order: Financial (38.5%), Consumer, Non-cyclical (14.7%), Utilities (7.8%), Communications (7.2%) and Consumer, Cyclical (6.7%).

Portfolio Performance

As at 31 July 2018, the top 10 equity exposures of the Fund compared to the Benchmark are as follows:

Manager's Report

Top 10 Equity Exposures of PIX vs FBM 100 as at 31 July 2018

FBM 100	% Weight in Index PIX	% of NAV
1 Public Bank Berhad	10.4	9.4
2 Tenaga Nasional Berhad	8.7	7.9
3 Malayan Banking Berhad	6.3	7.8
4 CIMB Group Holdings Berhad	5.4	7.2
5 Petronas Chemicals Group Berhad	3.5	5.6
6 Axiata Group Berhad	2.8	3.4
7 Genting Berhad	2.8	3.2
8 Sime Darby Plantation Berhad	2.6	2.9
9 DiGi.Com Berhad	2.3	2.8
10 IHH Healthcare Berhad	2.3	2.7

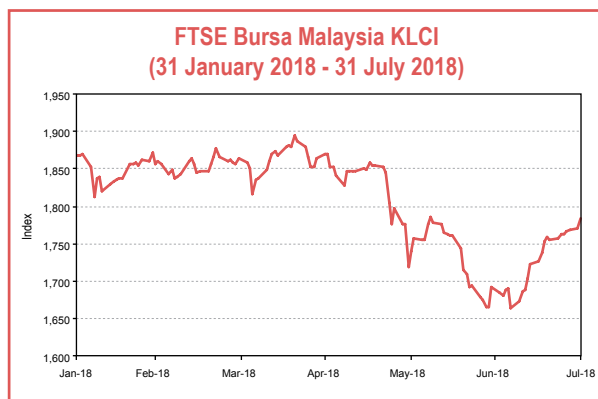
Money Market Portfolio Review

During the financial period under review, the Fund's money market portfolio, which was invested primarily in deposits, yielded a return of +1.63%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.58% over the same period.

During the financial period under review, the Fund's exposure to money market investments increased from 7.2% to 7.7% following the disposal of selected equity investments. Based on an average exposure of 5.40%, the money market portfolio is estimated to have contributed +0.09% to the Fund's overall return for the financial period under review.

Stock Market Review

Commencing the financial period under review at 1,868.58 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) fell in February 2018 in tandem with the global markets on concerns over the prospect of higher-than-expected interest rates in the U.S. The Index subsequently rebounded to an all-time closing high of 1,895.18 points on 19 April 2018 amid net foreign inflows before easing in early May 2018 ahead of Malaysia's 14th General Election. Post-election, the local market moved in a trading range before trending lower from late May to June 2018, weighed by foreign selling amid the outflow of funds from the emerging markets. The FBM KLCI posted a strong rebound in July 2018 amid renewed buying interest and closed at 1,784.25 points to register a decline of 4.51% for the financial period under review.



Manager's Report

Money Market Review

The Overnight Rate commenced the financial period under review at 3.17% and ended the financial period under review higher at 3.24%.

Economic Review

Malaysia's GDP growth eased from 5.9% in 2017 to 5.4% in 1Q 2018 on the back of slower investment spending and export growth. Growth in manufacturing activities moderated from 6.0% in 2017 to 5.3% in 1Q 2018. Meanwhile, growth in the services sector rose from 6.2% to 6.5% over the same period.

Malaysia's export growth softened to 6.9% in the first five months of 2018 compared to 18.9% for the whole of 2017 due mainly to slower exports of electrical and electronic products. Import growth decelerated to 1.3% from 19.9% over the same period on the back of lower imports of capital and intermediate goods. Malaysia's cumulative trade surplus widened to RM54.5 billion in the first five months of 2018 compared to RM33.0 billion in the corresponding period of the prior year. Due to capital inflows, Malaysia's foreign reserves increased to US\$104.7 billion as at end-June 2018 compared to US\$98.9 billion a year ago.

Malaysia's inflation rate slowed to 1.6% in 1H 2018 from 3.7% in 2017 amid moderating food prices and transportation costs. On 25 January 2018, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) by 25 basis points (bps) from 3.00% to 3.25% on the back of resilient economic growth. Loans growth climbed to 5.0% in 1H 2018 from 4.1% in 2017 due to higher demand from the household sector.

The Ministry of Finance (MOF) announced a new Sales and Services Tax (SST) effective 1 September 2018. The sales tax is set at two rates of 5% and 10% for selected manufactured and imported products while the services tax is fixed at 6% for selected services. The MOF projects the SST to bring in revenues amounting to RM4.0 billion for 4Q 2018.

Led by higher investment spending and export growth, U.S. GDP growth rose from 2.2% in 2017 to 2.7% in 1H 2018. Investment spending increased from 4.8% in 2017 to 5.4% in 1H 2018 due to higher non-residential investment. Likewise, export growth expanded from 3.0% to 5.0% over the same period. At the Federal Open Market Committee (FOMC) meeting on 12-13 June 2018, the Federal Reserve raised the Federal funds rate target range by 25 bps from 1.50%-1.75% to 1.75%-2.00%.

Eurozone GDP growth inched down from 2.5% in 2017 to 2.3% in 1H 2018 amid slower economic growth in France. At its monetary policy meeting on 26 July 2018, the European Central Bank (ECB) kept its main refinancing and deposit rates at 0.00% and -0.40% respectively. The ECB will continue its quantitative easing program at a monthly pace of €30 billion until end-September 2018. Thereafter, the monthly pace of bond-buying will be reduced to €15 billion until the end of the program in end-December 2018, subject to the medium-term inflation outlook.

Manager's Report

In a referendum held on 23 June 2016, British voters voted in favour of exiting the European Union (EU). The United Kingdom (UK) formally notified of its exit from the EU under Article 50 on 29 March 2017 that commences a 2-year process of trade negotiations with the EU.

Outlook and Investment Strategy

Global and regional equity markets experienced volatile trading conditions in 1H 2018 on concerns over the prospect of higher U.S. interest rates and the U.S. government's proposed protectionist measures. Fund outflows from emerging markets to developed markets were seen in 2Q 2018 on the back of weaker local currencies. However, selected equity markets closed the month of July on a positive note as foreign selling subsided. While concerns over rising interest rates in the U.S. as well as U.S.-China trade tensions may result in volatile market conditions in the near term, the performance of equity markets over the longer term will depend on the economic outlook and market valuations of the U.S., Europe and the Asia Pacific region.

U.S. economic growth is projected to strengthen from 2.2% in 2017 to 2.9% in 2018, driven by higher investment spending on the back of tax reform measures.

In the Eurozone, economic growth is envisaged to ease from 2.5% in 2017 to 2.2% in 2018 on expectations of a moderation in consumer and investment spending.

On the domestic front, Malaysia's GDP growth is estimated to ease from 5.9% in 2017 to 5.5% in 2018 amid moderating export growth. However, domestic demand is projected to be supported by sustained consumer spending.

As at end-July 2018, the local stock market was trading at a prospective P/E ratio of 17.1x, which was above its 10-year average of 16.5x. The market's dividend yield was 3.18%.

Given the above factors, the Fund will continue to rebalance its investment portfolio accordingly with the objective of achieving long-term capital appreciation while at the same time attempting to outperform the FTSE Bursa Malaysia Top 100 Index.

Notes: Q = Quarter
H = Half

Policy on Soft Commissions

The management company may receive goods or services which include research materials, data and quotation services and investment related publications by way of soft commissions provided they are of demonstrable benefit to the Fund and unitholders.

During the financial period under review, PIX has not received goods or services by way of soft commissions.

Extracts Of Financial Statements

The following pages are extracts of the audited financial statements of the Fund for the financial period ended 31 July 2018. The full set of the audited financial statements together with the Independent Auditors' Report is available upon request without charge.

Statement of Assets and Liabilities

As at 31 July 2018

	31.7.2018 MYR'000	31.1.2018 MYR'000
Assets		
Investments	861,935	914,141
Due from brokers/financial institutions, net	37	316
Other receivables	1,135	1,640
Deposits with financial institutions	60,629	62,229
Cash at bank	181	51
	923,917	978,377
Liabilities		
Due to the Manager, net	837	3,995
Due to the Trustee	45	52
Other payables	16	91
Distribution payable	-	27,526
	898	31,664
Total net assets	923,019	946,713
Net asset value ("NAV") attributable to unitholders (Total equity)	923,019	946,713
Units in circulation (in '000)	1,366,593	1,376,313
NAV per unit (in sen)	67.54	68.79

Extracts Of Financial Statements (cont'd)

Statement of Income and Expenditure

For the Financial Period Ended 31 July 2018

	1.2.2018 to 31.7.2018 MYR'000	1.2.2017 to 31.7.2017 MYR'000
Income		
Interest income	620	766
Distribution income	633	433
Dividend income	14,109	16,034
Net (loss)/gain from investments	(24,282)	47,929
	(8,920)	65,162
Less: Expenses		
Trustee's fee	286	306
Management fee	7,076	7,627
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	489	367
Administrative fees and expenses	7	42
	7,862	8,346
Net (loss)/income before taxation	(16,782)	56,816
Taxation	(44)	(37)
Net (loss)/income after taxation	(16,826)	56,779
Net (loss)/income after taxation is made up as follows:		
Realised	(2,722)	2,915
Unrealised	(14,104)	53,864
	(16,826)	56,779

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value

For the Financial Period Ended 31 July 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 February 2017	801,675	104,805	906,480
Creation of units	36,666	-	36,666
Cancellation of units	(36,315)	-	(36,315)
Net income after taxation	-	56,779	56,779
As at 31 July 2017	802,026	161,584	963,610
As at 1 February 2018	755,515	191,198	946,713
Creation of units	48,682	-	48,682
Cancellation of units	(55,550)	-	(55,550)
Net loss after taxation	-	(16,826)	(16,826)
As at 31 July 2018	748,647	174,372	923,019

Extracts Of Financial Statements (cont'd)

Statement of Cash Flows

For the Financial Period Ended 31 July 2018

	1.2.2018 to 31.7.2018 MYR'000	1.2.2017 to 31.7.2017 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	100,723	54,563
Purchase of investments	(73,044)	(81,075)
Subscription of rights	-	(1,659)
Capital distribution received	35	-
Maturity of deposits	4,708,941	6,268,369
Placement of deposits	(4,707,341)	(6,228,884)
Interest income received	625	769
Net distribution income received	555	396
Net dividend income received	14,643	15,054
Trustee's fee paid	(293)	(304)
Management fee paid	(7,237)	(7,567)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(82)	(50)
Net cash inflow from operating activities	37,521	19,608
Cash flows from financing activities		
Cash proceeds from units created	48,275	36,732
Cash paid on units cancelled	(58,140)	(34,700)
Distribution paid	(27,526)	(21,640)
Net cash outflow from financing activities	(37,391)	(19,608)
Net increase in cash and cash equivalents	130	-
Cash and cash equivalents at the beginning of the financial period	51	50
Cash and cash equivalents at the end of the financial period	181	50