

Fund Information

Fund Name

Public Regular Savings Fund (PRSF)

Fund Category

Equity

Fund Investment Objective

To achieve consistent capital growth over the medium to long term period and to achieve a steady growth in income.

Fund Performance Benchmark

The benchmarks of the Fund and their respective percentages are 90% FTSE Bursa Malaysia Top 100 Index (FBM 100) and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

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Fund Distribution Policy

Annual

Revision of Transfer Charges and Switching Fees with effect from 1 January 2018

With effect from 1 January 2018, transfer charges and switching fees for switching transactions made after 90 days will be revised as follows:

- i) Administration fee of up to RM50 will be charged for each transfer transaction.
- ii) Switching fee of up to RM50 will be imposed for switching transactions out of the fund.

Breakdown of Unitholdings of PRSF as at 30 September 2017

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	37,053	15.17	111
5,001 to 10,000	40,657	16.65	304
10,001 to 50,000	117,043	47.93	2,820
50,001 to 500,000	48,836	20.00	5,288
500,001 and above	617	0.25	515
Total	244,206	100.00	9,038

Note: Excluding Manager's Stock.

Fund Performance

For the Financial Period Ended 30 September 2017

Average Total Return for the Following Years Ended 30 September 2017

	Average Total Return of PRSF (%)
1 Year	7.43
3 Years	0.84
5 Years	4.92

Annual Total Return for the Financial Years Ended 31 March

Year	2017	2016	2015	2014	2013
PRSF (%)	3.93	-4.70	3.61	13.84	7.69

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

Notes:

- 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.

- 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 30 September

	2017	2016	2015
Unit Prices (MYR)			
Highest NAV per unit for the period	0.6215	0.5988	0.6583
Lowest NAV per unit for the period	0.5973	0.5712	0.5562
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	5,538,403	5,392,667	4,884,916
UIC (in '000)	9,038,605	9,179,576	8,375,917
NAV per unit (MYR)	0.6127	0.5875	0.5832
Total Return for the Period (%)	2.11	-1.22	-10.11
Capital growth (%)	1.23	-2.20	-11.07
Income (%)	0.87	1.00	1.08
Management Expense Ratio (%)	1.51	1.52	1.52
Portfolio Turnover Ratio (time)	0.02	0.06	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 30 September 2017

Asset Allocation for the Past Three Financial Periods

	As at 30 September (Per Cent of Net Asset Value)		
	2017 %	2016 %	2015 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Ordinary Shares			
Basic Materials	2.1	2.1	1.9
Communications	13.5	14.6	16.4
Consumer, Cyclical	7.2	6.3	4.2
Consumer, Non-cyclical	13.5	12.6	4.0
Diversified	7.7	7.4	7.8
Energy	4.5	4.5	5.1
Financial	29.6	26.6	29.1
Industrial	7.1	7.0	4.1
Technology	1.0	-	-
Utilities	4.4	7.4	6.0
	90.6	88.5	78.6
Preference Shares			
Financial	1.5	1.1	1.2
TOTAL QUOTED EQUITY SECURITIES	92.1	89.6	79.8
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
Financial	3.2	4.8	2.9
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	3.2	4.8	2.9
COLLECTIVE INVESTMENT SCHEMES			
Unquoted			
Malaysia			
Funds	1.3	-	-
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEMES	1.3	-	-
FIXED INCOME SECURITIES			
Unquoted			
Ringgit-denominated			
Redeemable Non-convertible Bonds	1.2	1.7	2.6
TOTAL UNQUOTED FIXED INCOME SECURITIES	1.2	1.7	2.6
DEPOSITS WITH FINANCIAL INSTITUTIONS	2.1	4.0	14.6
OTHER ASSETS & LIABILITIES	0.1	-0.1	0.1

Manager's Report

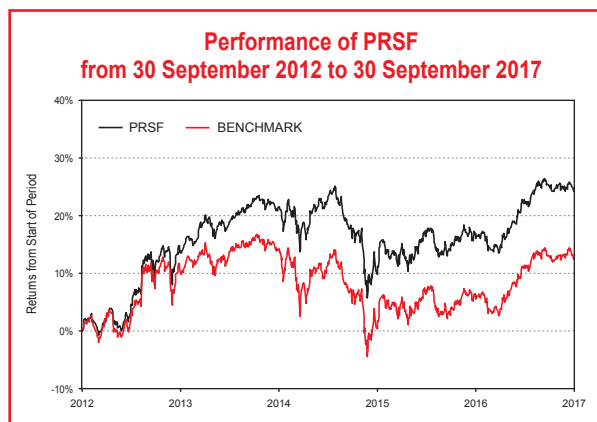
Overview

This Interim Report covers the financial period from 1 April 2017 to 30 September 2017.

Public Regular Savings Fund (PRSF or the Fund) aims to achieve consistent capital growth over the medium to long term period and to achieve a steady growth in income.

For the financial period under review, the Fund registered a return of +2.11% as compared to its Benchmark's return of +1.54%. The Fund's equity portfolio registered a return of +2.99% while its bond and money market portfolios registered returns of +3.19% and +1.53% respectively during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 30 September 2017, the Fund generated a total return of +24.64% and outperformed its Benchmark's return of +12.53% over the same period.



Prior to 30 April 2015, the Fund's Benchmark was the FTSE Bursa Malaysia Top 100 Index (FBM 100).

Effective 30 April 2015, the Fund's Benchmark has been changed to a composite index of 90% FBM 100 and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

Effect of Distribution Reinvestment on Portfolio Exposures

There were no distributions declared for the period ended 30 September 2017.

Manager's Report

Change in Portfolio Exposures from 31-Mar-17 to 30-Sep-17

	31-Mar-17	30-Sep-17	Change	Average Exposure
Equities & Related Securities	91.4%	95.3%	+3.9%	93.72%
Bonds & Other Fixed Income Securities	1.4%	1.2%	-0.2%	1.35%
Money Market	7.2%	3.5%	-3.7%	4.93%

Returns Breakdown by Asset Class

	Returns On Investments	Benchmark Returns	Market / Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	2.99%	1.52%	FBM 100	93.72%	2.80%
Bonds & Other Fixed Income Securities	3.19%	3.28%	Bond Index Overnight	1.35%	0.04%
Money Market	1.53%	1.48%	Rate	4.93%	0.08%
less: Expenses					-0.81%
Total Net Return for the Period					2.11%
FBM 100	= FTSE Bursa Malaysia Top 100 Index				
Bond Index	= Quant Shop MGS All 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 +2.99% and outperformed the equity Benchmark's return of +1.52%. The Fund's equity portfolio outperformed the equity Benchmark as its investments in selected Financial and Consumer, Non-cyclical stocks outperformed the broad market during the financial period under review.

The Fund commenced the financial period under review with an equity exposure of 91.4% and the Fund maintained a high equity weight during the financial period under review to capitalise on investment opportunities in the domestic market. The Fund ended the financial period under review with an equity exposure of 95.3%. Based on an average equity exposure of 93.72%, the Fund's equity portfolio is deemed to have registered a return of +2.80% 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.

Manager's Report

Sector Allocation

In terms of sector allocation within the equity portfolio, the top 5 sectors accounted for 76.2% of the Net Asset Value (NAV) of the Fund and 80.0% of the Fund's equity portfolio. The weightings of the top 5 sectors are in the following order: Financial (34.3%), Communications (13.5%), Consumer, Non-cyclical (13.5%), Diversified (7.7%) and Consumer, Cyclical (7.2%).

Bonds and Other Fixed Income Securities Portfolio Review

For the financial period under review, the Fund's bond portfolio registered a return of +3.19%. In comparison, the Quant Shop MGS All Index which tracks the performance of all Malaysian Government Securities (MGS) with maturities of 1 year and above, registered a return of +3.28% over the same period. The Fund's bond portfolio lagged the Quant Shop MGS All Index during the financial period under review as the Fund's holdings of shorter-tenured bonds generated lower returns.

During the financial period under review, the Fund's bond exposure decreased from 1.4% to 1.2% following the maturity of selected bond investments. Based on an average exposure of 1.35%, the bond portfolio is estimated to have contributed +0.04% to the Fund's overall return for the financial period under review. For a full review of the bond market, please refer to the following sections of this report.

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 +1.53%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.48% over the same period.

During the financial period under review, the Fund's exposure to money market investments decreased from 7.2% to 3.5% as funds were mobilised into equity investments. Based on an average exposure of 4.93%, the money market portfolio is estimated to have contributed +0.08% to the Fund's overall return for the financial period under review.

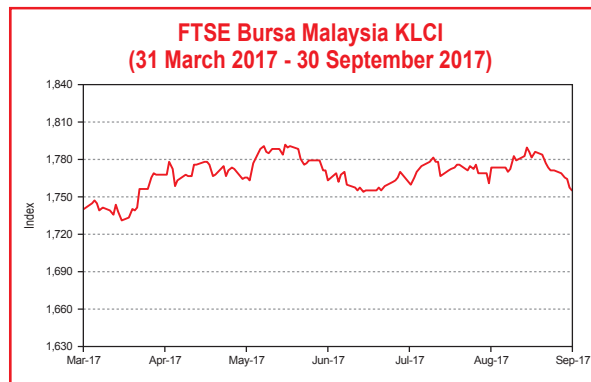
Stock Market Review

Commencing the financial period under review at 1,740.09 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) remained in an uptrend from April to mid-May 2017, underpinned by strong foreign fund inflows. The Index subsequently traded range-bound in late May on the back of softer global energy prices.

The market rose in early June amid sustained buying interest in selected blue chips but moved lower in late June on softer oil prices. In July, the Index remained in a tight trading range due to a lack of fresh catalysts to draw further buying interest from foreign investors. The FBM KLCI rose in August amid buying support for selected blue chips.

The Index continued its uptrend in early September before easing lower on the back of profit-taking activities. The FBM KLCI closed at 1,755.58 points to register a gain of 0.89% for the financial period under review.

Manager's Report



Bond and Money Market Review

Commencing the financial period under review, the domestic bond market staged a rebound which was sustained through May on the back of a firmer Ringgit as well as the release of a better-than-expected economic growth of 5.6% for 1Q 2017 and a lower inflation rate of 4.4% for April.

The domestic bond yields edged up in June in tandem with higher global bond yields following the announcement of the second U.S. interest rate hike for this year coupled with the hawkish comments made by selected major central banks. There were also growing concerns that the U.S. Federal Reserve may reduce its holdings of government and mortgage bonds (also known as balance sheet reduction).

However, buying interest returned to the domestic bond market in August on firmer U.S. Treasuries, a broadly weaker U.S. Dollar as well as accelerating economic growth and lower inflation in Malaysia. The domestic bond market retreated following the Federal Open Market Committee (FOMC) meeting in September, where the Federal Reserve announced that it would start its balance sheet reduction program in October while affirming a 25 basis points (bps) rate hike in December.

For the financial period under review, the yields of 3-year and 10-year MGS eased by 14 bps and 21 bps respectively to 3.39% and 3.92%. The Overnight Rate decreased from 3.00% to 2.90%, averaging at 2.98% over the financial period under review.

Economic Review

Malaysia's GDP growth gained pace from 4.2% in 2016 to 5.7% in 1H 2017 on the back of higher domestic demand and export growth. Growth in the services sector rose from 5.6% in 2016 to 6.1% in 1H 2017. Meanwhile, growth in manufacturing activities increased from 4.4% to 5.8% over the same period.

Manager's Report

Malaysia's export growth accelerated to 22.3% in the first seven months of 2017 from 1.2% in 2016 due mainly to higher exports of electrical and electronic products. Import growth surged to 23.0% from 1.9% over the same period. Malaysia's cumulative trade surplus widened to RM51.0 billion in the first seven months of 2017 compared to RM43.8 billion for the corresponding period of the prior year. Due to capital inflows, Malaysia's foreign reserves rose to US\$100.5 billion as at end-August 2017 compared to US\$97.5 billion a year ago.

Malaysia's inflation rate climbed to 3.9% in the first eight months of 2017 from 2.1% in 2016 amid higher transportation costs arising from elevated fuel prices. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.00% to support economic activities. Loans growth increased to 5.8% in the first eight months of 2017 from 5.3% in 2016 on the back of higher demand from the manufacturing and construction sectors.

Led by higher investment spending and export growth, U.S. GDP growth rose from 1.5% in 2016 to 2.1% in 1H 2017. Investment spending increased by 2.5% in 1H 2017 compared to a contraction of 1.6% in 2016 due to higher investment in equipment. Meanwhile, exports expanded by 3.2% compared to a decline of 0.3% over the same period.

At the FOMC meeting in September 2017, the Federal Reserve maintained the Federal funds rate target range at 1.00%-1.25%. The central bank also stated that its balance sheet reduction plan would begin in October 2017.

Eurozone GDP growth gained pace from 1.8% in 2016 to 2.1% in 1H 2017 on the back of higher export growth. At its monetary policy meeting on 7 September 2017, the European Central Bank (ECB) kept its main refinancing and deposit rates at 0.00% and -0.40% respectively, while maintaining the monthly pace of bond-buying at €60 billion until end-December 2017.

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, which commences a 2-year process of trade negotiations with the EU.

Outlook and Investment Strategy

After trading on a mixed note in 1H 2016, global and regional markets strengthened in 2H 2016 amid an improved outlook for the U.S. and global economies. Global and regional equity markets continued to trend higher in the first nine months of 2017 on expectations that the global economy would grow at a resilient pace. Looking ahead, the performance of equity markets will depend on the economic growth momentum and market valuations of the U.S., Europe and the Asia Pacific region.

U.S. economic growth is projected to edge up from 2.2% in 2017 to 2.3% in 2018, driven by higher investment spending.

In the Eurozone, economic growth is envisaged to ease from 2.1% in 2017 to 1.8% in 2018 on expectations of slower export growth.

Manager's Report

Malaysia's GDP growth is projected to inch down from 5.1% in 2017 to 4.8% in 2018 amid moderating export growth. However, domestic demand will be supported by sustained consumer and investment spending backed by government measures to increase disposable incomes as well as the ongoing implementation of infrastructure projects.

The budget deficit is projected to widen to RM40.3 billion (3.0% of GDP) in 2017 from RM38.4 billion (3.1% of GDP) in 2016, with revenue expanding by 3.4% to RM219.7 billion. Meanwhile, operating expenditure and net development expenditure for 2017 are expected to register growth rates of 2.2% to RM214.8 billion and 11.4% to RM45.3 billion respectively.

As at end-September 2017, the local stock market was trading at a prospective P/E ratio of 16.4x, which was in line with its 10-year average. The market's dividend yield was 3.25%.

Given the above factors, the Fund will continue to rebalance its investment portfolio accordingly with the objective of achieving consistent capital growth over the medium to long term period and to achieve a steady growth in income.

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, PRSF 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 30 September 2017. 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 30 September 2017

	30.9.2017 MYR'000	31.3.2017 MYR'000
Assets		
Investments	5,419,269	5,240,579
Tax recoverable	1,374	1,374
Other receivables	16,887	6,709
Deposits with financial institutions	114,445	401,829
Cash at bank	2,058	2,472
	5,554,033	5,652,963
Liabilities		
Due to the Manager, net	15,276	7,313
Other payables	354	226
Distribution payable	-	164,400
	15,630	171,939
Total net assets	5,538,403	5,481,024
Net asset value ("NAV") attributable to unitholders (Total equity)	5,538,403	5,481,024
Units in circulation (in '000)	9,038,605	9,133,319
NAV per unit (in sen)	61.27	60.01

Extracts Of Financial Statements (cont'd)

Statement of Income and Expenditure

For the Financial Period Ended 30 September 2017

	1.4.2017 to 30.9.2017 MYR'000	1.4.2016 to 30.9.2016 MYR'000
Income		
Interest income	5,360	7,879
Distribution income	800	-
Dividend income	88,134	90,036
Net gain/(loss) from investments	71,042	(118,539)
Amortisation of premium, net of accretion of discount	(152)	(187)
	165,184	(20,811)
Less: Expenses		
Trustee's fee	319	319
Management fee	45,097	42,720
Audit fee	3	3
Tax agent's fee	1	2
Brokerage fee	552	1,510
Administrative fees and expenses	130	216
	46,102	44,770
Net income/(loss) before taxation	119,082	(65,581)
Taxation	(473)	(561)
Net income/(loss) after taxation	118,609	(66,142)
Net income/(loss) after taxation is made up as follows:		
Realised	44,954	58,279
Unrealised	73,655	(124,421)
	118,609	(66,142)

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value

For the Financial Period Ended 30 September 2017

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 April 2016	4,950,632	245,403	5,196,035
Creation of units	285,668	-	285,668
Cancellation of units	(22,894)	-	(22,894)
Net loss after taxation	-	(66,142)	(66,142)
As at 30 September 2016	5,213,406	179,261	5,392,667
As at 1 April 2017	5,186,486	294,538	5,481,024
Creation of units	172,844	-	172,844
Cancellation of units	(234,074)	-	(234,074)
Net income after taxation	-	118,609	118,609
As at 30 September 2017	5,125,256	413,147	5,538,403

Extracts Of Financial Statements (cont'd)

Statement of Cash Flows

For the Financial Period Ended 30 September 2017

	1.4.2017 to 30.9.2017 MYR'000	1.4.2016 to 30.9.2016 MYR'000
Cash flows from operating activities		
Proceeds from sale/redemption of investments	121,520	92,561
Purchase of investments	(233,547)	(521,162)
Capital distribution received	3,717	-
Maturity of deposits	27,502,047	43,216,106
Placement of deposits	(27,214,663)	(42,889,540)
Interest income received	5,332	8,556
Distribution income received	800	-
Net dividend income received	77,786	78,935
Trustee's fee paid	(636)	(636)
Management fee paid	(45,402)	(42,799)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(2)	(234)
Net cash inflow/(outflow) from operating activities	216,948	(58,217)
Cash flows from financing activities		
Cash proceeds from units created	173,752	288,671
Cash paid on units cancelled	(226,714)	(21,691)
Distribution paid	(164,400)	(205,275)
Net cash (outflow)/inflow from financing activities	(217,362)	61,705
Net (decrease)/increase in cash and cash equivalents	(414)	3,488
Cash and cash equivalents at the beginning of the financial period	2,472	50
Cash and cash equivalents at the end of the financial period	2,058	3,538