

# Fund Information

## Fund Name

Public Regular Savings Sequel Fund (PRSSQF)

## Fund Category

Equity

## Fund Investment Objective

To achieve capital growth and provide income over the medium to long-term period.

## 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

## Breakdown of Unitholdings of PRSSQF as at 28 February 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	733	12.40	3
5,001 to 10,000	785	13.28	6
10,001 to 50,000	3,193	54.03	76
50,001 to 500,000	1,169	19.78	141
500,001 and above	30	0.51	34
<b>Total</b>	<b>5,910</b>	<b>100.00</b>	<b>260</b>

Note: Excluding Manager's Stock.

## Fund Performance

### Average Total Return for the Following Year Ended 28 February 2018

	Average Total Return of PRSSQF (%)
1 Year	9.27

## Fund Performance

For the Financial Year Ended 28 February 2018

### Annual Total Return for the Financial Years Ended 28 February

Year	2018	2017
PRSSQF (%)	9.27	2.92*

\* The figure shown is for period since Fund commencement (4 February 2016).

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:

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

### Other Performance Data for the Past Two Financial Years Ended 28 February

	2018	2017
<b>Unit Prices (MYR)*</b>		
Highest NAV per unit for the year	0.2795	0.2587
Lowest NAV per unit for the year	0.2538	0.2470
<b>Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Year</b>		
Total NAV (MYR'000)	70,753	69,395
UIC (in '000)	260,278	273,959
NAV per unit (MYR)	0.2718	0.2533
<b>Total Return for the Year (%)</b>	<b>9.27</b>	<b>2.92</b>
Capital growth (%)	7.66	1.76
Income (%)	1.50	1.14
<b>Management Expense Ratio (%)</b>	<b>1.60</b>	<b>1.60</b>
<b>Portfolio Turnover Ratio (time)</b>	<b>0.19</b>	<b>0.73</b>

\* All prices quoted are ex-distribution.

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 year over the average net asset value of the Fund calculated on a daily basis.

The Portfolio Turnover Ratio for the financial year 2018 dropped to 0.19 time from 0.73 time in the previous financial year on account of lower level of rebalancing activities performed by the Fund during the year.

## Fund Performance

For the Financial Year Ended 28 February 2018

### Distribution and Unit Split

Financial year	2018	2017
<b>Date of distribution</b>	<b>28.2.18</b>	<b>28.2.17</b>
<b>Distribution per unit</b>		
Gross (sen)	0.50	0.40
Net (sen)	0.50	0.40
<b>Unit split</b>	-	-

### Impact on NAV Arising from Distribution (Final) for the Financial Years

	2018 Sen per unit	2017 Sen per unit
Net asset value before distribution	27.68	25.73
Less: Net distribution per unit	(0.50)	(0.40)
Net asset value after distribution	<u>27.18</u>	<u>25.33</u>

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

### Asset Allocation for the Past Two Financial Years

	As at 28 February (Percent of NAV)	
	2018 %	2017 %
<b>EQUITY SECURITIES</b>		
<b>Quoted</b>		
<b>Malaysia</b>		
<b>Ordinary Shares</b>		
Basic Materials	3.7	2.0
Communications	7.7	8.8
Consumer, Cyclical	5.9	5.3
Consumer, Non-cyclical	15.7	13.7
Diversified	2.4	7.4
Energy	3.3	5.7
Financial	33.8	28.0
Industrial	6.6	7.0
Utilities	8.4	6.9
	<u>87.5</u>	<u>84.8</u>
<b>Preference Shares</b>		
Financial	1.4	0.1
<b>TOTAL QUOTED EQUITY SECURITIES</b>	<b><u>88.9</u></b>	<b><u>84.9</u></b>

## Fund Performance

For the Financial Year Ended 28 February 2018

### Asset Allocation for the Past Two Financial Years (cont'd)

	As at 28 February (Percent of NAV)	
	2018 %	2017 %
<b>COLLECTIVE INVESTMENT FUNDS</b>		
Quoted		
Malaysia		
Financial	2.1	2.3
<b>TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS</b>	<b>2.1</b>	<b>2.3</b>
<b>DEPOSITS WITH FINANCIAL INSTITUTIONS</b>	<b>11.3</b>	<b>14.8</b>
<b>OTHER ASSETS &amp; LIABILITIES</b>	<b>-2.3</b>	<b>-2.0</b>

## Statement Of Distribution Of Returns

For the Financial Year Ended 28 February 2018

	Sen Per Unit
Gross Distribution	0.5000
Net Distribution	0.5000
Total Returns	2.3500

### Effects of Distribution on NAV per unit before and after Distribution:

	Before Distribution	After Distribution
NAV per unit (MYR)	0.2768	0.2718

## Manager's Report

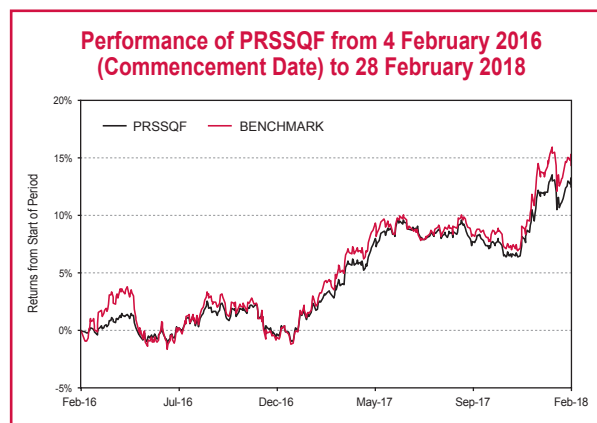
### Overview

This Annual Report covers the financial year from 1 March 2017 to 28 February 2018.

Public Regular Savings Sequel Fund (PRSSQF or the Fund) aims to achieve capital growth and provide income over the medium to long-term period.

For the financial year under review, the Fund registered a return of +9.27% as compared to its Benchmark's return of +10.25%. The Fund's equity portfolio registered a return of +12.10% while its money market portfolio registered a return of +3.07% during the financial year under review. A detailed performance attribution analysis is provided in the sections below.

From its commencement on 4 February 2016 (being the last day of the initial offer period) to 28 February 2018, the Fund registered a return of +12.46% as compared to its Benchmark's return of +14.36%. As the Fund has registered a positive return and provided income distribution during the financial year under review, it is the opinion of the Manager that the Fund is positioned to meet its objective of achieving capital growth and providing income over the medium to long-term period.



The Fund's Benchmark is a composite index of 90% FTSE Bursa Malaysia Top 100 Index (FBM 100) and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

### Income Distribution and Impact on NAV Arising from Distribution

The gross distribution of 0.50 sen per unit (net distribution of 0.50 sen per unit) for the financial year ended 28 February 2018 had the effect of reducing the Net Asset Value (NAV) of the Fund after distribution. As a result, the NAV per unit of the Fund was reduced to RM0.2718 from RM0.2768 after distribution.

## Manager's Report

### Effect of Distribution Reinvestment on Portfolio Exposures

	28-Feb-18	
	Before Distribution Reinvestment*	After Distribution Reinvestment*
Equities & Related Securities	91.0%	89.4%
Money Market	9.0%	10.6%

\* Assumes full reinvestment.

### Change in Portfolio Exposures from 28-Feb-17 to 28-Feb-18

	28-Feb-17	28-Feb-18	Change	Average Exposure
Equities & Related Securities	85.9%	89.4%	+3.5%	88.86%
Money Market	14.1%	10.6%	-3.5%	11.14%

### Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	12.10%	11.01%	FBM 100	88.86%	10.75%
Money Market	3.07%	2.99%	Overnight Rate	11.14%	0.34%
less: Expenses					-1.82%
<b>Total Net Return for the Year</b>					<b>9.27%</b>

FBM 100 = FTSE Bursa Malaysia Top 100 Index

Overnight Rate = Bank Negara Weighted Average Overnight Interbank Rate

### Equity Portfolio Review

For the financial year under review, the Fund's equity portfolio registered a return of +12.10% and outperformed the equity Benchmark's return of +11.01%. The Fund's equity portfolio outperformed the equity Benchmark as its selected investments in Energy, Utilities and Financial stocks outperformed the broad market during the financial year under review.

The Fund commenced the financial year under review with an equity exposure of 85.9% and the Fund maintained an equity exposure of above 85% throughout the review period to capitalise on investment opportunities in the domestic market. The Fund ended the financial year under review with an equity exposure of 89.4%. Based on an average equity exposure of 88.86%, the Fund's equity portfolio is deemed to have registered a return of +10.75% to the Fund as a whole for the financial year 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 75.7% of the NAV of the Fund and 83.2% of the Fund's equity portfolio. The weightings of the top 5 sectors are in the following order: Financial (37.3%), Consumer, Non-cyclical (15.7%), Utilities (8.4%), Communications (7.7%) and Industrial (6.6%).

### Money Market Portfolio Review

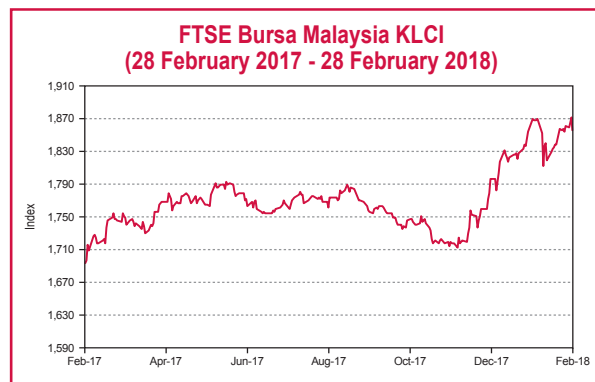
During the financial year under review, the Fund's money market portfolio, which was invested primarily in deposits, yielded a return of +3.07%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +2.99% over the same year.

During the financial year under review, the Fund's exposure to money market investments decreased from 14.1% to 10.6% as funds were mobilised into equity investments. Based on an average exposure of 11.14%, the money market portfolio is estimated to have contributed +0.34% to the Fund's overall return for the financial year under review.

### Stock Market Review

Starting the financial year under review at 1,693.77 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) strengthened in March and April 2017, led by firmer regional currencies, stable oil prices and positive sentiment arising from the U.S. president's pro-growth policies. The Index subsequently traded range-bound in May 2017 as global energy prices softened. The market edged higher in early June 2017 amid sustained buying interest in selected blue chips, before moving lower in mid-July 2017 due to softer oil prices and a lack of fresh leads.

After rising in early September 2017, the FBM KLCI retraced in October and November 2017 as market sentiment was dampened by a lack of fresh catalysts and a sell-down in selected blue chips. The Index subsequently rebounded in December 2017 and continued to rally in January 2018 on the back of firmer oil prices and buying interest from foreign investors. In February 2018, the Index fell in tandem with global markets amid concerns over the prospect of higher-than-expected interest rates in the U.S. The FBM KLCI closed at 1,856.20 points to register a gain of 9.59% for the financial year under review.



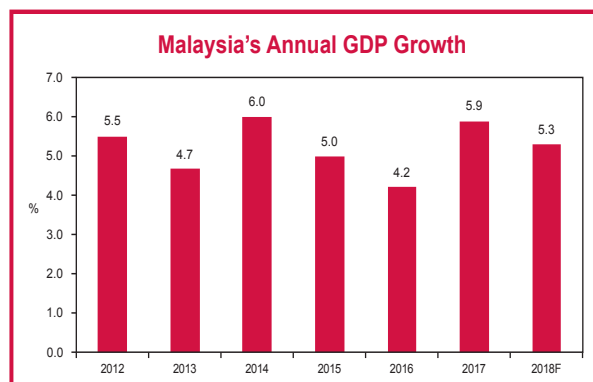
## Manager's Report

### Money Market Review

The Overnight Rate commenced the financial year under review at 3.00% and ended the financial year under review higher at 3.24%.

### Economic Review

Malaysia's GDP growth gained pace from 4.2% in 2016 to 5.9% in 2017 on the back of higher domestic demand and export growth. Growth in the services sector rose from 5.6% in 2016 to 6.2% in 2017. Meanwhile, growth in manufacturing activities increased from 4.4% to 6.0% over the same period.



Source: Bloomberg

Malaysia's export growth accelerated to 18.9% in 2017 from 1.2% in 2016 due mainly to higher exports of electrical and electronic products. Import growth surged to 19.9% from 1.9% over the same period. Malaysia's cumulative trade surplus widened to RM97.2 billion in 2017 from RM88.1 billion in 2016. Due to capital inflows, Malaysia's foreign reserves rose to US\$103.7 billion as at end-January 2018 compared to US\$95.0 billion a year ago.

Malaysia's inflation rate rose to 3.7% in 2017 from 2.1% in 2016 on the back of higher transportation costs and food prices. 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% amid resilient economic growth. Loans growth eased to 4.1% in 2017 from 5.3% in 2016 due to slower demand from the household sector.

Led by higher investment spending and export growth, U.S. GDP growth rose from 1.5% in 2016 to 2.3% in 2017. Investment spending increased by 3.2% in 2017 compared to a contraction of 1.6% in 2016 due to higher investment in equipment. Meanwhile, exports expanded by 3.4% compared to a decline of 0.3% over the same period. At the Federal Open Market Committee (FOMC) meeting on 30-31 January 2018, the Federal Reserve maintained the Federal funds rate at the target range of 1.25%-1.50%.

## Manager's Report

Eurozone GDP growth gained pace from 1.8% in 2016 to 2.5% in 2017 on the back of higher exports. At its monetary policy meeting on 25 January 2018, the European Central Bank (ECB) kept its main refinancing and deposit rates at 0.00% and -0.40% respectively. The ECB extended its quantitative-easing program from January 2018 until at least September 2018. However, it reduced the monthly pace of bond-buying from €60 billion to €30 billion with effect from January 2018.

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

Global and regional equity markets traded on a positive note in January 2018 but retraced in early February 2018 on concerns over the prospect of faster-than-anticipated interest rate hikes in the U.S. However, most equity markets subsequently rebounded and recouped part of their losses in late February 2018. While concerns over inflationary pressures in the U.S. 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 edge up from 2.3% in 2017 to 2.7% 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 2.3% in 2018 on expectations of slower export growth.

On the domestic front, Malaysia's GDP growth is projected to ease from 5.9% in 2017 to 5.3% 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 narrow to RM39.8 billion (2.8% of GDP) in 2018 from the RM39.9 billion (3.0% of GDP) estimated for 2017, while the federal revenue is forecast to expand by 6.4% to RM239.9 billion in 2018. Meanwhile, operating expenditure and net development expenditure are expected to grow by 6.5% to RM234.3 billion and 0.2% to RM45.4 billion respectively in 2018.

As at end-February 2018, the local stock market was trading at a prospective P/E ratio of 16.5x, which was in line with its 10-year average. The market's dividend yield was 3.22%.

Given the above factors, the Fund will continue to rebalance its investment portfolio according to its objective of achieving capital growth and providing income over the medium to long-term period.

## Manager's Report

### 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 year under review, PRSSQF has not received goods or services by way of soft commissions.

## Statement Of Assets And Liabilities

As at 28 February 2018

	2018 MYR'000	2017 MYR'000
<b>Assets</b>		
Investments	64,389	60,523
Due from the Manager, net	-	66
Other receivables	178	113
Deposits with financial institutions	7,975	10,254
Cash at bank	80	110
	72,622	71,066
<b>Liabilities</b>		
Due to brokers/financial institutions, net	340	551
Due to the Manager, net	196	-
Due to the Trustee	3	3
Other payables	29	21
Distribution payable	1,301	1,096
	1,869	1,671
<b>Total net assets</b>	<b>70,753</b>	<b>69,395</b>
<b>Net asset value ("NAV") attributable to unitholders (Total equity)</b>	<b>70,753</b>	<b>69,395</b>
<b>Units in circulation (in '000)</b>	<b>260,278</b>	<b>273,959</b>
<b>NAV per unit, ex-distribution (in sen)</b>	<b>27.18</b>	<b>25.33</b>

## Statement Of Income And Expenditure

For the Financial Year Ended 28 February 2018

	1.3.2017 to 28.2.2018 MYR'000	15.1.2016 to 28.2.2017 MYR'000
<b>Income</b>		
Interest income	247	547
Dividend income	2,078	1,350
Net gain from investments	5,403	1,337
	7,728	3,234
<b>Less: Expenses</b>		
Trustee's fee	47	41
Management fee	1,167	1,021
Audit fee	7	7
Tax agent's fee	3	3
Brokerage fee	96	288
Administrative fees and expenses	21	22
	1,341	1,382
<b>Net income before taxation</b>	<b>6,387</b>	<b>1,852</b>
<b>Taxation</b>	<b>(6)</b>	<b>(7)</b>
<b>Net income after taxation</b>	<b>6,381</b>	<b>1,845</b>
<b>Net income after taxation is made up as follows:</b>		
Realised	1,680	1,195
Unrealised	4,701	650
	6,381	1,845
<b>Final distribution for the financial year/period</b>	<b>1,301</b>	<b>1,096</b>

## Statement Of Changes In Net Asset Value

For the Financial Year Ended 28 February 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 15 January 2016	-	-	-
Creation of units	74,892	-	74,892
Cancellation of units	(6,246)	-	(6,246)
Net income after taxation	-	1,845	1,845
Distribution	(11)	(1,085)	(1,096)
As at 28 February 2017	68,635	760	69,395
As at 1 March 2017	68,635	760	69,395
Creation of units	9,787	-	9,787
Cancellation of units	(13,509)	-	(13,509)
Net income after taxation	-	6,381	6,381
Distribution	-	(1,301)	(1,301)
As at 28 February 2018	64,913	5,840	70,753

## Statement Of Cash Flows

For the Financial Year Ended 28 February 2018

	1.3.2017 to 28.2.2018 MYR'000	15.1.2016 to 28.2.2017 MYR'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments	14,431	12,277
Purchase of investments	(14,049)	(71,110)
Subscription of rights	(202)	(90)
Capital distribution received	924	-
Maturity of deposits	1,990,586	4,019,788
Placement of deposits	(1,988,307)	(4,030,042)
Interest income received	247	547
Net dividend income received	2,133	1,230
Trustee's fee paid	(47)	(38)
Management fee paid	(1,166)	(935)
Audit fee paid	(7)	(3)
Tax agent's fee paid	(3)	-
Payment of other fees and expenses	(13)	(8)
<b>Net cash inflow/(outflow) from operating activities</b>	4,527	(68,384)
<b>Cash flows from financing activities</b>		
Cash proceeds from units created	9,934	74,675
Cash paid on units cancelled	(13,395)	(6,181)
Distribution paid	(1,096)	-
<b>Net cash (outflow)/inflow from financing activities</b>	(4,557)	68,494
<b>Net (decrease)/increase in cash and cash equivalents</b>	(30)	110
<b>Cash and cash equivalents at the beginning of the financial year/period</b>	110	-
<b>Cash and cash equivalents at the end of the financial year/period</b>	80	110