

Fund Information

Fund Name

Public China Access Equity Fund (PCASEF)

Fund Category

Equity

Fund Investment Objective

To achieve capital growth over the medium to long-term period by investing in a portfolio of investments in the China market and including China-based companies listed on domestic and foreign markets.

Fund Performance Benchmark

The benchmarks of the Fund and their respective percentages are 90% S&P/CITIC 50 Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

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Fund Distribution Policy

Incidental

Breakdown of Unitholdings of PCASEF as at 30 November 2017

| Size of holdings | No. of unitholders | % of unitholders | No. of units held (million) |
|-------------------|--------------------|------------------|-----------------------------|
| 5,000 and below | - | - | - |
| 5,001 to 10,000 | - | - | - |
| 10,001 to 50,000 | - | - | - |
| 50,001 to 500,000 | - | - | - |
| 500,001 and above | 9 | 100.00 | 152 |
| Total | 9 | 100.00 | 152 |

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 30 November 2017

| | Average Total Return of PCASEF (%) |
|---------|------------------------------------|
| 1 Year | 21.94 |
| 3 Years | 29.68 |

Fund Performance

For the Financial Year Ended 30 November 2017

Annual Total Return for the Financial Years Ended 30 November

| Year | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------|-------|------|-------|-------|--------|
| PCASEF (%) | 21.94 | 6.74 | 45.44 | 11.97 | 11.29* |

* The figure shown is for period since Fund commencement (8 May 2013).

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 Three Financial Years Ended 30 November

| | 2017 | 2016 | 2015 |
|---|--------------|-------------|--------------|
| Unit Prices (MYR)* | | | |
| Highest NAV per unit for the year | 1.3894 | 1.1022 | 2.2029 |
| Lowest NAV per unit for the year | 0.9928 | 0.8663 | 1.2618 |
| Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Year | | | |
| Total NAV (MYR'000) | 192,405 | 158,567 | 96,455 |
| UIC (in '000) | 151,923 | 149,137 | 95,283 |
| NAV per unit (MYR) | 1.2665 | 1.0632 | 1.0123 |
| Total Return for the Year (%) | 21.94 | 6.74 | 45.44 |
| Capital growth (%) | 21.72 | 6.48 | 45.98 |
| Income (%) | 0.18 | 0.24 | -0.37 |
| Management Expense Ratio (%) | 1.97 | 1.98 | 1.98 |
| Portfolio Turnover Ratio (time) | 0.30 | 0.38 | 0.87 |

* 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 2017 dropped to 0.30 time from 0.38 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 30 November 2017

Distribution and Unit Split

| Financial year | 2017 | 2016 | 2015 |
|------------------------------|-----------------|-----------------|-----------------|
| Date of distribution | 30.11.17 | 30.11.16 | 30.11.15 |
| Distribution per unit | | | |
| Gross (sen) | 3.00 | 2.00 | 80.00 |
| Net (sen) | 3.00 | 2.00 | 80.00 |
| Unit split | - | - | - |

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

| | 2017 Sen per unit | 2016 Sen per unit | 2015 Sen per unit |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| Net asset value before distribution | 129.65 | 108.32 | 181.23 |
| Less: Net distribution per unit | (3.00) | (2.00) | (80.00) |
| Net asset value after distribution | 126.65 | 106.32 | 101.23 |

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 Three Financial Years

| | As at 30 November (Per Cent of Net Asset Value) | | |
|---|--|-------------|--------------|
| | 2017 % | 2016 % | 2015 % |
| EQUITY SECURITIES | | | |
| Quoted | | | |
| Outside Malaysia | | | |
| China | | | |
| Basic Materials | 1.3 | - | - |
| Communications | 2.1 | 1.5 | 2.7 |
| Consumer, Cyclical | 5.6 | 4.8 | 6.7 |
| Consumer, Non-cyclical | 11.6 | 9.8 | 10.5 |
| Energy | 1.9 | 3.5 | 6.1 |
| Financial | 53.3 | 58.4 | 100.3 |
| Industrial | 10.1 | 12.3 | 29.6 |
| Technology | 1.8 | 1.4 | - |
| Utilities | 1.7 | 1.3 | 5.1 |
| TOTAL QUOTED EQUITY SECURITIES | 89.4 | 93.0 | 161.0 |
| DEPOSITS WITH FINANCIAL INSTITUTIONS | 2.4 | 2.3 | 1.2 |
| OTHER ASSETS & LIABILITIES | 8.2 | 4.7 | -62.2 |

Statement Of Distribution Of Returns

For the Financial Year Ended 30 November 2017

| | Sen Per Unit |
|--------------------|--------------|
| Gross Distribution | 3.0000 |
| Net Distribution | 3.0000 |
| Total Returns | 23.3300 |

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

| | Before Distribution | After Distribution |
|--------------------|---------------------|--------------------|
| NAV per unit (MYR) | 1.2965 | 1.2665 |

Manager's Report

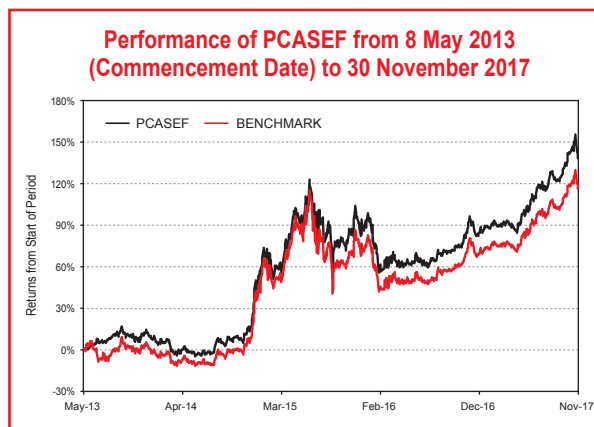
Overview

This Annual Report covers the financial year from 1 December 2016 to 30 November 2017.

Public China Access Equity Fund (PCASEF or the Fund) aims to achieve capital growth over the medium to long-term period by investing in a portfolio of investments in the China market and including China-based companies listed on domestic and foreign markets.

For the financial year under review, the Fund registered a return of +21.94% as compared to its Benchmark's return of +20.64%. The Fund's equity portfolio registered a return of +26.46% while its money market portfolio registered a return of +3.05% during the financial year under review. A detailed performance attribution analysis is provided in the sections below.

From its commencement on 8 May 2013 (being the last day of the initial offer period) to 30 November 2017, the Fund registered a return of +135.88% and outperformed the Benchmark's return of +114.50% over the same period. Consequently, it is the opinion of the Manager that the Fund has met its objective of achieving capital growth over the said period.



The Fund's Benchmark is a composite index of 90% S&P/CITIC 50 Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

Income Distribution and Impact on NAV Arising from Distribution

The gross distribution of 3.00 sen per unit (tax-exempt) for the financial year ended 30 November 2017 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 RM1.2665 from RM1.2965 after distribution.

Manager's Report

Effect of Distribution Reinvestment on Portfolio Exposures

| | 30-Nov-17 | |
|-------------------------------|-----------------------------------|----------------------------------|
| | Before Distribution Reinvestment* | After Distribution Reinvestment* |
| Equities & Related Securities | 89.4% | 87.4% |
| Money Market | 10.6% | 12.6% |

* Assumes full reinvestment.

Change in Portfolio Exposures from 30-Nov-16 to 30-Nov-17

| | 30-Nov-16 | 30-Nov-17 | Change | Average |
|-------------------------------|-----------|-----------|--------|----------|
| | | | | Exposure |
| Equities & Related Securities | 91.3% | 87.4% | -3.9% | 90.11% |
| Money Market | 8.7% | 12.6% | +3.9% | 9.89% |

Equity Portfolio Review

For the financial year under review, the Fund's equity portfolio registered a return of +26.46% and outperformed the equity Benchmark's return of +22.63%. The Fund's equity portfolio outperformed the equity Benchmark as the Fund's selected holdings within the Consumer sector outperformed the broader market during the financial year under review.

The Fund commenced the financial year under review with an equity exposure of 91.3%. The Fund's equity exposure was reduced to below 85% in December 2016 to weather the consolidation phase in the China A-shares market. The Fund's equity exposure was subsequently increased and the Fund ended the financial year under review with an equity exposure of 87.4%. For the financial year under review, the Fund's average equity exposure was 90.11%. 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 82.7% of the NAV of the Fund and 92.5% of the Fund's equity portfolio. The weightings of the top 5 sectors in China (unless otherwise indicated) are in the following order: Financial (53.3%), Consumer, Non-cyclical (11.6%), Industrial (10.1%), Consumer, Cyclical (5.6%) and Communications (2.1%).

Money Market Portfolio Review

During the financial year under review, the Fund's money market portfolio yielded a return of +3.05%. During the financial year under review, the Fund's exposure to money market investments increased from 8.7% to 12.6% following the disposal of selected equity investments. For the financial year under review, the Fund's average money market exposure was 9.89%.

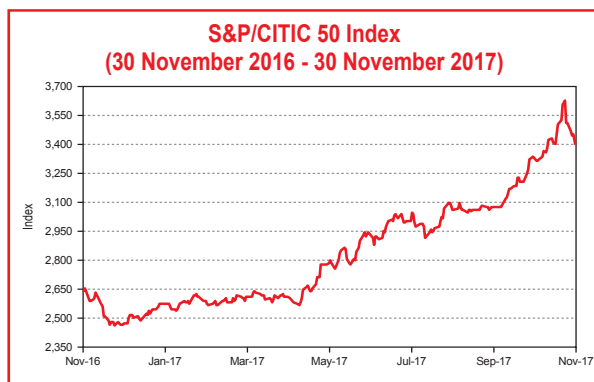
Manager's Report

Stock Market Review

Commencing the financial year under review at 2,635.18 points, the China 'A' Shares market, as proxied by the S&P/CITIC 50 Index, entered a consolidation phase in December 2016 due to concerns over capital control measures in China. The Index subsequently rebounded in 1Q 2017 in tandem with the appreciation of the Renminbi as well as positive sentiment stemming from news of state-owned enterprise (SOE) reforms and expectations of more infrastructure spending by the government.

The Index further rallied into late May 2017, when Morgan Stanley Capital International (MSCI) decided to include China A-shares into its global benchmark equity indices for the first time. On 30 September 2017, the People's Bank of China (PBoC) announced a targeted reserve requirement ratio (RRR) cut in a bid to encourage more lending and stimulate economic growth.

The Index retraced in mid-November 2017 in tandem with the rout in Chinese sovereign bonds amid concerns that the government would step up efforts to reduce leverage in the financial sector. The S&P/CITIC 50 Index closed at 3,387.53 points to register a gain of 28.55% (+22.63% in Ringgit terms) for the financial year under review.

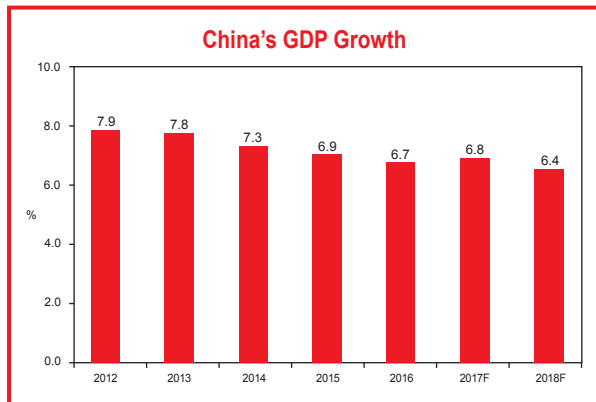


Money Market Review

The Bank Negara Weighted Average Overnight Interbank Rate commenced the financial year under review at 2.99% and ranged between 2.90% and 3.00% over the 12-month period, before ending the financial year under review unchanged at 2.99%.

Economic Review

China's GDP growth expanded from 6.7% in 2016 to 6.9% in the first three quarters of 2017, driven by firmer growth in the industrial sector. Industrial sector growth increased from 6.0% in 2016 to 6.4% in the first three quarters of 2017 as manufacturing activities picked up.



Source: Bloomberg

Led by higher new orders and production levels, China's manufacturing Purchasing Managers' Index (PMI) rose to 51.6 points in the first 11 months of 2017 compared to 50.3 points for the whole of 2016. Meanwhile, China's fixed-asset investment expanded by 6.9% in the first 10 months of 2017 versus the 8.1% growth registered in 2016.

China's exports grew by 7.4% in the first 10 months of 2017 compared to a contraction of 7.7% in 2016 due to higher demand from the U.S. and Asia. Likewise, imports rose by 17.2% on the back of higher commodity imports compared to a decline of 5.5% over the same period. China's cumulative trade surplus narrowed to US\$335 billion in the first 10 months of 2017 from US\$427 billion a year ago.

To support China's economic activities, the PBoC maintained its lending rate at 4.35%.

China's inflation rate softened to 1.5% in the first 10 months of 2017 from 2.0% in 2016 amid lower food prices. Residential property prices, as measured by average sales price indices of new homes in 70 large and medium-sized cities, rose by 8.9% in the first 10 months of 2017 following a 6.2% increase in 2016.

To prevent the overheating of property prices in selected cities such as Shanghai and Shenzhen, the Chinese government implemented tightening measures in March 2016. These tightening measures were further expanded to more provincial cities and other smaller cities from late August 2016 to May 2017.

The Chinese Renminbi was included in the International Monetary Fund's Special Drawing Rights (SDR) basket effective 1 October 2016.

Hong Kong's GDP growth gained pace from 2.0% in 2016 to 3.9% in the first three quarters of 2017 due to higher consumer spending and export growth. The inflation rate slowed to 1.4% in the first 10 months of 2017 from 2.4% in 2016 on the back of moderating food and housing costs. To curb elevated residential property prices, Hong Kong's government introduced additional tightening measures in May 2017.

Led by higher investment spending and export growth, U.S. GDP growth rose from 1.5% in 2016 to 2.2% in the first three quarters of 2017. Investment spending increased by 3.1% in the first three quarters of 2017 compared to a contraction of 1.6% in 2016 due to higher investment in equipment. Meanwhile, exports expanded by 2.9% compared to a decline of 0.3% over the same period. At the Federal Open Market Committee (FOMC) meeting on 31 October – 1 November 2017, the Federal Reserve maintained the Federal funds rate target range at 1.00%-1.25%.

Eurozone GDP growth gained pace from 1.8% in 2016 to 2.3% in the first three quarters of 2017 on the back of higher growth in Germany and France. At its monetary policy meeting on 26 October 2017, the European Central Bank (ECB) kept its main refinancing and deposit rates at 0.00% and -0.40% respectively. The ECB has extended its quantitative-easing program from January 2018 until September 2018 or beyond, if necessary. However, it will reduce 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

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 11 months of 2017 on expectations that the global economy would grow at a resilient pace. Looking ahead, the performance of the 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 2.5% in 2018, driven by higher investment spending.

In the Eurozone, economic growth is envisaged to ease from 2.2% in 2017 to 1.9% in 2018 on expectations of slower export growth.

China's GDP growth is estimated to moderate from 6.8% in 2017 to 6.4% in 2018 as China continues to transform from a manufacturing-driven and export-led economy to one underpinned by services and domestic consumption. Consumer spending is expected to be underpinned by the government's ongoing policies to boost household incomes, which include the lowering of import tariffs on popular consumer goods. Meanwhile, China's inflation rate is projected to increase from 1.6% in 2017 to 2.2% in 2018.

Hong Kong's GDP growth is expected to ease from 3.4% in 2017 to 2.5% in 2018 amid moderating export growth. Going forward, the Hong Kong government is anticipated to maintain its tightening stance on the residential property market. However, ample liquidity, demand for better living standards and resilient economic growth should lend support to Hong Kong's property market over the long term.

Based on closing prices at the end-November 2017, the China 'A' Shares market was trading at an estimated P/E ratio of about 12.6x as compared to its 9-year average of 11.7x.

Manager's Report

Given the above factors, the Fund will continue to rebalance its investment portfolio accordingly with the objective of achieving capital growth over the medium to long-term period by investing in a portfolio of investments in the China market and including China-based companies listed on domestic and foreign markets.

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

Statement Of Assets And Liabilities

As at 30 November 2017

| | 2017 MYR'000 | 2016 MYR'000 |
|---|-----------------|-----------------|
| Assets | | |
| Investments | 172,086 | 147,532 |
| Other receivables | 1 | - |
| Deposits with financial institutions | 4,525 | 3,631 |
| Cash at banks | 20,780 | 10,725 |
| | 197,392 | 161,888 |
| Liabilities | | |
| Due to the Manager, net | 319 | 238 |
| Due to the Trustee | 10 | 8 |
| Other payables | 100 | 93 |
| Distribution payable | 4,558 | 2,982 |
| | 4,987 | 3,321 |
| Total net assets | 192,405 | 158,567 |
| Net asset value ("NAV") attributable to unitholders (Total equity) | 192,405 | 158,567 |
| Units in circulation (in '000) | 151,923 | 149,137 |
| NAV per unit, ex-distribution (in MYR) | 1.2665 | 1.0632 |

Statement Of Income And Expenditure

For the Financial Year Ended 30 November 2017

| | 2017 MYR'000 | 2016 MYR'000 |
|---|-----------------|-----------------|
| Income | | |
| Interest income | 137 | 197 |
| Dividend income | 4,178 | 3,565 |
| Net gain from investments | 35,798 | 8,710 |
| Net realised/unrealised foreign exchange loss | (520) | (204) |
| | 39,593 | 12,268 |
| Less: Expenses | | |
| Trustee's fee | 108 | 91 |
| Management fee | 3,255 | 2,743 |
| Audit fee | 58 | 56 |
| Tax agent's fee | 3 | 3 |
| Brokerage fee | 195 | 213 |
| Administrative fees and expenses | 126 | 112 |
| | 3,745 | 3,218 |
| Net income before taxation | 35,848 | 9,050 |
| Taxation | (423) | (362) |
| Net income after taxation | 35,425 | 8,688 |
| Net income after taxation is made up as follows: | | |
| Realised | 7,771 | 7,026 |
| Unrealised | 27,654 | 1,662 |
| | 35,425 | 8,688 |
| Final distribution for the financial year | 4,558 | 2,982 |

Statement Of Changes In Net Asset Value

For the Financial Year Ended 30 November 2017

| | Unitholders' capital MYR'000 | Retained earnings MYR'000 | Total MYR'000 |
|---------------------------|---------------------------------|------------------------------|------------------|
| As at 1 December 2015 | 14,253 | 82,202 | 96,455 |
| Creation of units | 76,218 | - | 76,218 |
| Cancellation of units | (19,812) | - | (19,812) |
| Net income after taxation | - | 8,688 | 8,688 |
| Distribution | - | (2,982) | (2,982) |
| As at 30 November 2016 | 70,659 | 87,908 | 158,567 |
| As at 1 December 2016 | 70,659 | 87,908 | 158,567 |
| Creation of units | 2,992 | - | 2,992 |
| Cancellation of units | (21) | - | (21) |
| Net income after taxation | - | 35,425 | 35,425 |
| Distribution | - | (4,558) | (4,558) |
| As at 30 November 2017 | 73,630 | 118,775 | 192,405 |

Statement Of Cash Flows

For the Financial Year Ended 30 November 2017

| | 2017 MYR'000 | 2016 MYR'000 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Proceeds from sale of investments | 56,199 | 63,262 |
| Purchase of investments | (45,149) | (47,007) |
| Maturity of deposits | 693,947 | 1,085,820 |
| Placement of deposits | (694,841) | (1,088,253) |
| Interest income received | 132 | 192 |
| Net dividend income received | 3,761 | 3,205 |
| Trustee's fee paid | (106) | (93) |
| Management fee paid | (3,174) | (2,789) |
| Audit fee paid | (59) | (55) |
| Tax agent's fee paid | (3) | (3) |
| Payment of other fees and expenses | (114) | (108) |
| Net cash inflow from operating activities | 10,593 | 14,171 |
| Cash flows from financing activities | | |
| Cash proceeds from units created | 2,992 | 76,218 |
| Cash paid on units cancelled | (21) | (19,812) |
| Distribution paid | (2,982) | (76,226) |
| Net cash outflow from financing activities | (11) | (19,820) |
| Net increase/(decrease) in cash and cash equivalents | 10,582 | (5,649) |
| Effect of change in foreign exchange rates | (527) | (203) |
| Cash and cash equivalents at the beginning of the financial year | 10,725 | 16,577 |
| Cash and cash equivalents at the end of the financial year | 20,780 | 10,725 |