

Fund Information

Fund Name

Public Advantage Growth Equity Fund (PAVGEF)

Fund Category

Equity

Fund Investment Objective

To achieve capital growth over the medium to long-term period by investing in a diversified portfolio of stocks.

Fund Performance Benchmark

The benchmark of the Fund is the FTSE Bursa Malaysia KLCI (FBM KLCI).

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Fund Distribution Policy

Incidental

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 PAVGEF as at 30 September 2017

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	141	10.66	-
5,001 to 10,000	160	12.09	1
10,001 to 50,000	658	49.74	17
50,001 to 500,000	349	26.38	43
500,001 and above	15	1.13	16
Total	1,323	100.00	77

Note: Excluding Manager's Stock.

Fund Performance

For the Financial Year Ended 30 September 2017

Average Total Return for the Following Year Ended 30 September 2017

	Average Total Return of PAVGEF (%)
1 Year	11.66

Annual Total Return for the Financial Years Ended 30 September

Year	2017	2016
PAVGEF (%)	11.66	3.92*

* The figure shown is for period since Fund commencement (28 September 2015).

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 30 September

	2017	2016
Unit Prices (MYR)*		
Highest NAV per unit for the year	0.2975	0.2641
Lowest NAV per unit for the year	0.2553	0.2492
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Year		
Total NAV (MYR'000)	22,079	15,364
UIC (in '000)	77,443	59,128
NAV per unit (MYR)	0.2851	0.2598
Total Return for the Year (%)	11.66	3.92
Capital growth (%)	10.58	3.13
Income (%)	0.98	0.77
Management Expense Ratio (%)	1.79	1.98
Portfolio Turnover Ratio (time)	0.32	0.77

* 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.

The Management Expense Ratio for the financial year 2017 dropped to 1.79% from 1.98% in the previous financial year mainly due to higher 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 0.32 time from 0.77 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 September 2017

Distribution and Unit Split

Financial year Date of distribution	2017 29.9.17	2016 30.9.16
Distribution per unit		
Gross (sen)	0.50	-
Net (sen)	0.50	-
Unit split	-	-

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

	2017 Sen per unit	2016 Sen per unit
Net asset value before distribution	29.01	25.98
Less: Net distribution per unit	(0.50)	-
Net asset value after distribution	28.51	25.98

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 30 September
(Per Cent of Net Asset Value)

	2017 %	2016 %
EQUITY SECURITIES		
Quoted		
Malaysia		
Basic Materials	4.2	-
Communications	5.6	5.0
Consumer, Cyclical	3.5	2.9
Consumer, Non-cyclical	24.1	19.6
Diversified	6.8	3.2
Energy	1.3	1.8
Financial	7.7	4.0
Industrial	15.4	11.0
Technology	4.1	2.1
Utilities	4.3	9.6
	77.0	59.2
Outside Malaysia		
Hong Kong		
Financial	-	1.8
Industrial	1.4	1.4
	1.4	3.2
Indonesia		
Financial	1.1	0.7

Fund Performance

For the Financial Year Ended 30 September 2017

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

	As at 30 September (Per Cent of Net Asset Value)	
	2017 %	2016 %
Singapore		
Consumer, Non-cyclical	2.2	3.5
Industrial	1.8	0.9
	4.0	4.4
Taiwan		
Technology	-	1.0
TOTAL QUOTED EQUITY SECURITIES	83.5	68.5
COLLECTIVE INVESTMENT FUNDS		
Quoted		
Malaysia		
Financial	1.4	1.6
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	1.4	1.6
DEPOSITS WITH FINANCIAL INSTITUTIONS	14.6	27.9
OTHER ASSETS & LIABILITIES	0.5	2.0

Statement Of Distribution Of Returns

For the Financial Year Ended 30 September 2017

	Sen Per Unit
Gross Distribution	0.5000
Net Distribution	0.5000
Total Returns	3.0300

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

	Before Distribution	After Distribution
NAV per unit (MYR)	0.2901	0.2851

Manager's Report

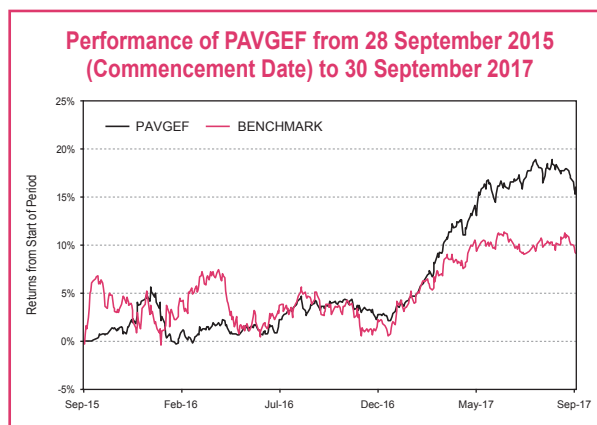
Overview

This Annual Report covers the financial year from 1 October 2016 to 30 September 2017.

Public Advantage Growth Equity Fund (PAVGEF or the Fund) aims to achieve capital growth over the medium to long-term period by investing in a diversified portfolio of stocks.

For the financial year under review, the Fund registered a return of +11.66% as compared to its Benchmark's return of +6.23%. The Fund's equity portfolio registered a return of +16.01% while its money market portfolio registered a return of +3.04% during the financial year under review. A detailed performance attribution analysis is provided in the sections below.

From its commencement on 28 September 2015 (being the last day of the initial offer period) to 30 September 2017, the Fund registered a return of +16.04% and outperformed its Benchmark's return of +9.15%. Consequently, it is the opinion of the Manager that the Fund is positioned to meet its objective of achieving capital growth over the medium to long-term period.



The Benchmark of the Fund is the FTSE Bursa Malaysia KLCI (FBM KLCI) which comprises the 30 largest companies by full market capitalisation listed on the Bursa Malaysia Main Market.

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 30 September 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 RM0.2851 from RM0.2901 after distribution.

Manager's Report

Effect of Distribution Reinvestment on Portfolio Exposures

	30-Sep-17	
	Before Distribution Reinvestment*	After Distribution Reinvestment*
Equities & Related Securities	84.9%	83.5%
Money Market	15.1%	16.5%

* Assumes full reinvestment.

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

	30-Sep-16	30-Sep-17	Change	Average Exposure
Equities & Related Securities	70.1%	83.5%	+13.4%	82.97%
Money Market	29.9%	16.5%	-13.4%	17.03%

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	16.01%	6.23%	FBM KLCI	82.97%	13.28%
Money Market	3.04%	2.98%	Overnight Rate	17.03%	0.52%
less: Expenses					-2.14%
Total Net Return for the Year					11.66%

FBM KLCI = FTSE Bursa Malaysia Kuala Lumpur Composite 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 +16.01% and outperformed the equity Benchmark's return of +6.23%. The Fund's equity portfolio outperformed the equity Benchmark as its investments in Industrial, Consumer, Non-cyclical and Technology stocks outperformed the broad market during the financial year under review.

The Fund commenced the financial year under review with an equity exposure of 70.1% and this was gradually increased to above 90% in February 2017 to capitalise on investment opportunities in the domestic and regional markets. The Fund's equity weight subsequently fell below 85% in May 2017 due to new fund inflows and ended the financial year under review with an equity exposure of 83.5%. Based on an average equity exposure of 82.97%, the Fund's equity portfolio is deemed to have registered a return of +13.28% to the Fund as a whole for the financial year under review. A full review of the performance of the equity markets 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 61.0% of the NAV of the Fund and 71.8% of the Fund's equity portfolio. The weightings of the top 5 sectors in Malaysia (unless otherwise indicated) are in the following order: Consumer, Non-cyclical (24.1%), Industrial (15.4%), Financial (9.1%), Diversified (6.8%) and Communications (5.6%).

Money Market Portfolio Review

For the financial year under review, the Fund's money market portfolio, which was invested primarily in deposits, yielded a return of +3.04%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +2.98% over the same period.

During the financial year under review, the Fund's exposure to money market investments decreased from 29.9% to 16.5% as funds were mobilised into equity investments. Based on an average exposure of 17.03%, the money market portfolio is estimated to have contributed +0.52% to the Fund's overall return for the financial year under review.

Stock Market Review

Starting the financial year under review at 1,652.55 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) moved in a tight trading range in October 2016.

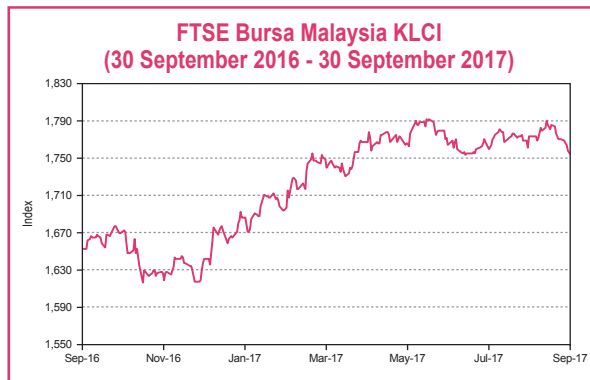
The FBM KLCI eased in November due to foreign fund outflows amid anticipation of a rising interest rate environment in the U.S. going forward. Despite initial concerns over a Trump presidency, the U.S. market rallied on expectations that the new president would deliver on his pledges of fiscal stimulus and deregulation of the financial market. The Malaysian equity market rebounded in late December in tandem with rising oil prices and the stronger U.S. market.

The Index moved higher in January 2017, largely due to positive sentiment arising from the new U.S. president's pro-growth policies. The positive sentiment continued with the FBM KLCI surpassing the psychological level of 1,700 points in mid-February. After some profit-taking activities towards the end of February, the Index rebounded and resumed its uptrend from March to mid-May, underpinned by strong buying interest from foreign investors. The FBM KLCI 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 6.23% for the financial year under review.

Manager's Report



The regional equity markets, as proxied by the Morgan Stanley Capital International All Country Far East Ex-Japan (MSCI FExJ) Index, commenced the financial year under review at 517.19 points. Regional markets retraced marginally in October 2016 on concerns over weakness in the Chinese Renminbi. The unexpected result of the U.S. presidential election led to further consolidation in most regional markets in November and December as funds flowed back to developed markets.

The MSCI FExJ Index started 2017 on a stronger note, supported by a weaker U.S. Dollar and better economic data from China. Resilient corporate earnings underpinned the regional markets in March and April. Driven by improving liquidity conditions in China and a better global economic outlook, the Index advanced further from May to August.

Regional markets traded range-bound in September as the U.S. Federal Reserve's decision to maintain its interest rate was within market expectations. The Index closed at 625.20 points to register a gain of 20.88% (+23.43% in Ringgit terms) for the financial year under review.

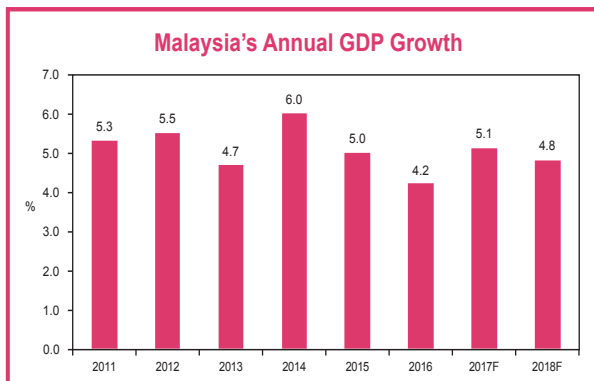
Regional markets, namely the Hong Kong, Taiwan, Singapore and Indonesia markets registered returns of +19.92%, +19.56%, +15.04% and +8.82% (in Ringgit terms) respectively for the financial year under review.

Money Market Review

The Overnight Rate decreased from 2.99% to 2.90%, averaging at 2.99% during the financial year 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.



Source: Bloomberg

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.

On the regional front, Singapore's GDP growth expanded from 2.0% in 2016 to 2.7% in 1H 2017 due to higher output from the manufacturing and services sectors. Indonesia's economic growth was sustained at 5.0% in 1H 2017 compared to a similar growth rate in 2016 on the back of resilient domestic demand.

In North Asia, China's GDP growth expanded from 6.7% in 2016 to 6.9% in 1H 2017, driven by firmer growth in the industrial sector. Hong Kong's GDP growth strengthened from 2.0% in 2016 to 4.0% in 1H 2017 due to higher consumer spending and export growth.

Taiwan's GDP growth gained pace from 1.5% in 2016 to 2.4% in 1H 2017 amid higher investment spending and export growth.

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 Federal Open Market Committee (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.

In North Asia, China's GDP growth is estimated to moderate from 6.7% in 2017 to 6.3% in 2018 as China continues to transform from a manufacturing-driven and export-led economy to one underpinned by services and domestic consumption. Meanwhile, China's inflation rate is projected to increase from 1.7% 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 external demand. 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.

Meanwhile, Taiwan's GDP growth is projected to remain unchanged at 2.2% in 2018 compared to a similar growth rate in 2017, driven by sustained domestic demand.

In South-East Asia, Singapore's GDP growth is estimated to edge down from 2.5% in 2017 to 2.4% in 2018 on expectations of moderating export growth. Indonesia's GDP growth is expected to expand from 5.2% in 2017 to 5.4% in 2018 due to robust domestic demand.

Manager's Report

On the domestic front, 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%.

Among the regional markets, South-East Asian markets were trading at premiums while North Asian markets were generally trading at discounts to their historical averages following their respective performances over the same period.

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 diversified portfolio of stocks.

Note: 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, PAVGEF has received data and quotation services by way of soft commissions. These services were used to provide financial data on securities and price quotation information to the Fund Manager during the financial year under review.

Statement Of Assets And Liabilities

As at 30 September 2017

	2017 MYR'000	2016 MYR'000
Assets		
Investments	18,754	10,766
Due from the Manager, net	11	-
Other receivables	28	15
Deposits with financial institutions	3,216	4,282
Cash at banks	573	464
	22,582	15,527
Liabilities		
Due to brokers/financial institutions, net	78	84
Due to the Manager, net	-	28
Due to the Trustee	9	13
Other payables	29	38
Distribution payable	387	-
	503	163
Total net assets	22,079	15,364
Net asset value ("NAV") attributable to unitholders (Total equity)	22,079	15,364
Units in circulation (in '000)	77,443	59,128
NAV per unit, ex-distribution (in sen)	28.51	25.98

Statement Of Income And Expenditure

For the Financial Year Ended 30 September 2017

	1.10.2016 to 30.9.2017 MYR'000	8.9.2015 to 30.9.2016 MYR'000
Income		
Interest income	81	184
Dividend income	482	219
Net gain from investments	1,578	435
Net realised/unrealised foreign exchange gain/(loss)	32	(5)
	2,173	833
Less: Expenses		
Trustee's fee	19	21
Management fee	286	213
Audit fee	7	7
Tax agent's fee	3	3
Brokerage fee	44	72
Administrative fees and expenses	27	36
	386	352
Net income before taxation	1,787	481
Taxation	(2)	(2)
Net income after taxation	1,785	479
Net income after taxation is made up as follows:		
Realised	280	111
Unrealised	1,505	368
	1,785	479
Final distribution for the financial year/period	387	-

Statement Of Changes In Net Asset Value

For the Financial Year Ended 30 September 2017

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 8 September 2015	-	-	-
Creation of units	15,935	-	15,935
Cancellation of units	(1,050)	-	(1,050)
Net income after taxation	-	479	479
As at 30 September 2016	14,885	479	15,364
As at 1 October 2016	14,885	479	15,364
Creation of units	7,885	-	7,885
Cancellation of units	(2,568)	-	(2,568)
Net income after taxation	-	1,785	1,785
Distribution	(24)	(363)	(387)
As at 30 September 2017	20,178	1,901	22,079

Statement Of Cash Flows

For the Financial Year Ended 30 September 2017

	1.10.2016 to 30.9.2017 MYR'000	8.9.2015 to 30.9.2016 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	2,557	4,610
Purchase of investments	(9,018)	(14,928)
Subscription of rights	-	(5)
Maturity of deposits	585,119	1,395,550
Placement of deposits	(584,053)	(1,399,832)
Interest income received	81	183
Net dividend income received	467	203
Trustee's fee paid	(23)	(8)
Management fee paid	(276)	(194)
Audit fee paid	(7)	(3)
Tax agent's fee paid	(3)	-
Payment of other fees and expenses	(37)	(6)
Net cash outflow from operating activities	(5,193)	(14,430)
Cash flows from financing activities		
Cash proceeds from units created	7,837	15,926
Cash paid on units cancelled	(2,569)	(1,032)
Net cash inflow from financing activities	5,268	14,894
Net increase in cash and cash equivalents	75	464
Effect of change in foreign exchange rates	34	-
Cash and cash equivalents at the beginning of the financial year/period	464	-
Cash and cash equivalents at the end of the financial year/period	573	464