

# Fund Information

## Fund Name

Public Far-East Alpha-30 Fund (PFA30F)

## Fund Category

Equity

## Fund Investment Objective

To achieve capital appreciation over the medium to long term period by investing in the domestic and regional markets.

## Fund Performance Benchmark

The benchmarks of the Fund and their respective percentages are 80% customised index by MSCI based on the Top 30 constituents of MSCI AC Far-East Ex-Japan Index, 10% Tokyo Stock Price Index (TOPIX) and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

*Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Public Mutual Berhad. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all the warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.*

## Fund Distribution Policy

Incidental

## Breakdown of Unitholdings of PFA30F as at 30 November 2017

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	1,832	15.91	6
5,001 to 10,000	1,287	11.18	9
10,001 to 50,000	5,162	44.83	133
50,001 to 500,000	3,141	27.28	399
500,001 and above	92	0.80	113
<b>Total</b>	<b>11,514</b>	<b>100.00</b>	<b>660</b>

Note: Excluding Manager's Stock.

## Fund Performance

### Average Total Return for the Following Years Ended 30 November 2017

	Average Total Return of PFA30F (%)
1 Year	23.10
3 Years	22.83
5 Years	21.60

## 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
PFA30F (%)	23.10	15.08	19.07	5.98	16.37

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:

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

### Other Performance Data for the Past Three Financial Years Ended 30 November

	2017	2016	2015
<b>Unit Prices (MYR)*</b>			
Highest NAV per unit for the year	0.4737	0.3664	0.3352
Lowest NAV per unit for the year	0.3513	0.2746	0.2599
<b>Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Year</b>			
Total NAV (MYR'000)	297,042	115,892	107,051
UIC (in '000)	661,266	317,562	336,222
NAV per unit (MYR)	0.4492	0.3649	0.3184
<b>Total Return for the Year (%)</b>	<b>23.10</b>	<b>15.08</b>	<b>19.07</b>
Capital growth (%)	22.88	14.48	18.55
Income (%)	0.18	0.52	0.44
<b>Management Expense Ratio (%)</b>	<b>1.70</b>	<b>1.73</b>	<b>1.73</b>
<b>Portfolio Turnover Ratio (time)</b>	<b>0.54</b>	<b>0.32</b>	<b>0.37</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 2017 rose to 0.54 time from 0.32 time in the previous financial year on account of higher 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
<b>Date of distribution</b>	<b>30.11.17</b>	<b>30.11.16</b>	<b>30.11.15</b>
<b>Distribution per unit</b>			
Gross (sen)	-	0.15	-
Net (sen)	-	0.15	-
<b>Unit split</b>	-	-	-

### 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	44.92	36.64	31.84
Less: Net distribution per unit	-	(0.15)	-
Net asset value after distribution	44.92	36.49	31.84

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 %
<b>EQUITY SECURITIES</b>			
<b>Quoted</b>			
<b>Malaysia</b>			
Financial	-	-	0.9
<b>Outside Malaysia</b>			
<b>Hong Kong</b>			
Communications	13.5	15.1	15.9
Consumer, Cyclical	-	1.2	4.4
Diversified	1.9	2.4	-
Energy	1.1	1.4	1.7
Financial	22.3	24.0	22.0
Industrial	2.3	0.5	1.0
Technology	-	-	1.2
	41.1	44.6	46.2
<b>Korea</b>			
Communications	-	1.7	1.5
Consumer, Cyclical	-	1.3	1.7
Technology	9.0	8.3	8.7
	9.0	11.3	11.9

## Fund Performance

For the Financial Year Ended 30 November 2017

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

	As at 30 November (Per Cent of Net Asset Value)		
	2017 %	2016 %	2015 %
<b>Singapore</b>			
Communications	1.0	1.5	1.9
Financial	1.7	1.2	3.5
	2.7	2.7	5.4
<b>Taiwan</b>			
Industrial	3.0	-	0.6
Technology	7.8	9.2	8.1
	10.8	9.2	8.7
<b>Thailand</b>			
Energy	-	-	0.7
<b>United States</b>			
Communications	15.5	7.8	0.5
Technology	1.4	-	-
	16.9	7.8	0.5
<b>TOTAL QUOTED EQUITY SECURITIES</b>	<b>80.5</b>	<b>75.6</b>	<b>74.3</b>
<b>COLLECTIVE INVESTMENT FUNDS</b>			
<b>Quoted</b>			
<b>Outside Malaysia</b>			
<b>Japan</b>			
Funds	9.6	9.6	10.4
<b>TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS</b>	<b>9.6</b>	<b>9.6</b>	<b>10.4</b>
<b>DEPOSITS WITH FINANCIAL INSTITUTIONS</b>	<b>7.8</b>	<b>6.2</b>	<b>6.0</b>
<b>OTHER ASSETS &amp; LIABILITIES</b>	<b>2.1</b>	<b>8.6</b>	<b>9.3</b>

## Manager's Report

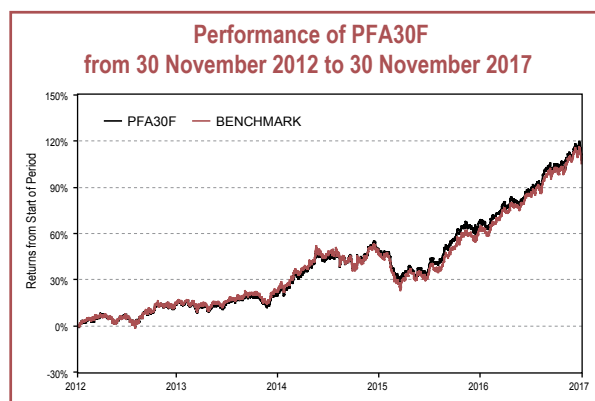
### Overview

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

Public Far-East Alpha-30 Fund (PFA30F or the Fund) aims to achieve capital appreciation over the medium to long term period by investing in the domestic and regional markets.

For the financial year under review, the Fund registered a return of +23.10% as compared to its Benchmark's return of +24.98%. The Fund's equity portfolio registered a return of +27.83% 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.

For the five financial years ended 30 November 2017, the Fund registered a total cumulative return of +108.05% and outperformed its Benchmark's return of +105.48% over the same period. Consequently, it is the opinion of the Manager that the Fund has met its objective to achieve capital appreciation over the said period.



Prior to 30 April 2013, the Benchmark of the Fund was a composite index of 80% MSCI AC Far-East Ex-Japan Index, 10% Tokyo Stock Price Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

Effective from 30 April 2013, the MSCI AC Far-East Ex-Japan Index in the Fund's Benchmark has been replaced with the Top 30 constituents of MSCI AC Far-East Ex-Japan Index as it is a better representative of the Fund's investment strategy.

### Effect of Distribution Reinvestment on Portfolio Exposures

There were no distributions declared for the year ended 30 November 2017.

## Manager's Report

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

	30-Nov-16	30-Nov-17	Change	Average Exposure
Equities & Related Securities	84.9%	90.1%	+5.2%	89.40%
Money Market	15.1%	9.9%	-5.2%	10.60%

### Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	27.83%	27.56%	Equity Benchmark Overnight Rate	89.40%	24.88%
Money Market	3.05%	2.98%		10.60%	0.32%
less: Expenses					-2.10%
Total Net Return for the Year					23.10%

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 +27.83% and outperformed the equity Benchmark's return of +27.56%. The Fund's equity portfolio outperformed the equity Benchmark as its investments in the Taiwan and China markets outperformed the broader regional markets during the financial year under review.

The Fund commenced the financial year under review with an equity weight of 84.9% and its equity exposure was generally maintained at above 85% to capitalise on investment opportunities in the regional markets. The Fund ended the financial year under review with an equity exposure of 90.1%. Based on an average equity exposure of 89.40%, the Fund's equity portfolio is deemed to have registered a return of +24.88% to the Fund as a whole for the financial year under review. A full review of the performance of the equity markets is tabulated in the following sections.

### Country Allocation

In terms of country allocation within the equity portfolio, the top 5 countries accounted for 87.4% of the Net Asset Value (NAV) of the Fund and 97.0% of the Fund's equity portfolio. The weightings of the top 5 countries are in the following order: Hong Kong (41.1%), the United States (16.9%), Taiwan (10.8%), Japan (9.6%) and Korea (9.0%).

## Manager's Report

### 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 +3.05%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +2.98% over the same period.

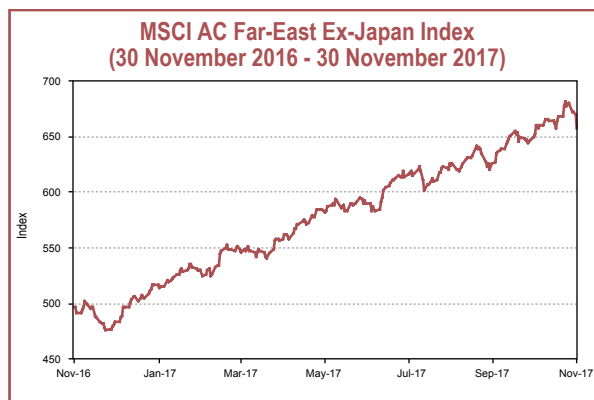
During the financial year under review, the Fund's exposure to money market investments decreased from 15.1% to 9.9% as funds were mobilised into equity investments. Based on an average exposure of 10.60%, the money market portfolio is estimated to have contributed +0.32% to the Fund's overall return for the financial year under review.

### Stock Market Review

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 496.29 points. Regional markets continued to consolidate in December 2016 as funds flowed back to developed markets after the unexpected outcome of the U.S. presidential election.

The MSCI FExJ Index started 2017 on a stronger note, supported by a weaker U.S. Dollar and better economic data from China. Driven by improving liquidity conditions in China, an improving global economic outlook as well as robust corporate earnings, the Index strengthened for most of the first 11 months of 2017. The MSCI FExJ Index closed at 657.62 points to register a gain of 32.51% (+21.34% in Ringgit terms) for the financial year under review.

Regional markets, namely the Korea, Hong Kong, Singapore, Japan, Taiwan and Indonesia markets registered returns of +22.81%, +16.43%, +15.09%, +13.71%, +11.20% and +6.06% (in Ringgit terms) respectively for the financial year under review.



### Money Market Review

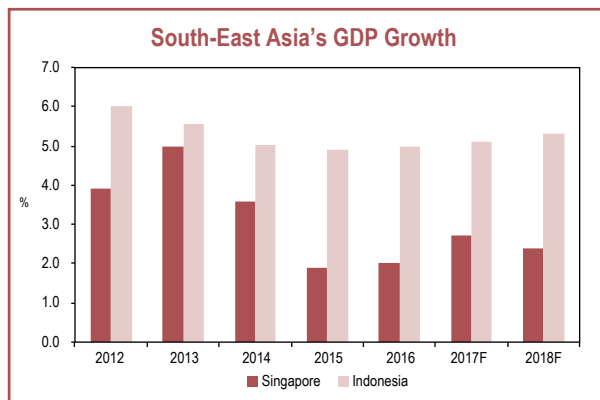
The Overnight Rate commenced the financial year under review at 2.99% and ranged between 2.90% and 3.00% over the 12-month period, before ending the financial year under review unchanged at 2.99%.

## Manager's Report

### Economic Review

Singapore's GDP growth expanded from 2.0% in 2016 to 3.5% in the first three quarters of 2017 due to higher output from the manufacturing and services sectors. Singapore's inflation rate turned positive at +0.6% in the first 10 months of 2017 compared to -0.5% in 2016 amid higher transportation costs.

Indonesia's economic growth was sustained at 5.0% in the first three quarters of 2017 compared to a similar growth rate in 2016 on the back of resilient domestic demand. Driven by higher housing and transportation costs, the inflation rate climbed to 3.9% in the first 10 months of 2017 from 3.5% in 2016. To support domestic economic activities, Bank Indonesia (BI) reduced its benchmark interest rate by 50 basis points (bps) to 4.25% during the August-September 2017 period.



Source: Bloomberg

In North Asia, 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. Meanwhile, China's inflation rate softened to 1.5% in the first 10 months of 2017 from 2.0% in 2016 amid lower food prices. To support China's economic activities, the People's Bank of China (PBoC) maintained its lending rate at 4.35%.

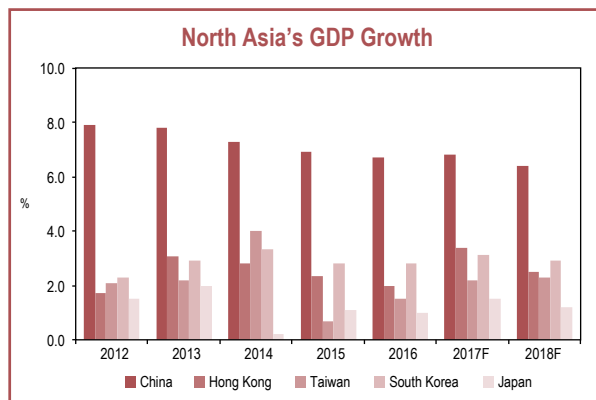
Hong Kong's GDP growth gained pace from 2.0% in 2016 to 3.9% in the first three quarters of 2017 due to higher consumer spending and export growth. The inflation rate slowed to 1.4% in the first 10 months of 2017 from 2.4% in 2016 on the back of moderating food and housing costs. To curb elevated residential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

Japan's GDP growth gained pace from 1.0% in 2016 to 1.5% in the first three quarters of 2017 amid higher investment spending and export growth. Led by higher transportation costs, the inflation rate turned positive at +0.4% in the first 10 months of 2017 compared to -0.1% in 2016. To support economic growth and mitigate deflationary pressures, the Bank of Japan left its interest rate unchanged at -0.1%.

## Manager's Report

Driven by higher investment spending and export growth, South Korea's GDP growth rose to 3.1% in the first three quarters of 2017 from 2.8% in 2016. The inflation rate increased to 2.1% in the first 10 months of 2017 from 1.0% in 2016 due to higher food prices and transportation costs. The Bank of Korea raised its benchmark interest rate by 25 bps to 1.50% from a record low of 1.25%, following a pick-up in economic activities.

Taiwan's GDP growth strengthened from 1.4% in 2016 to 2.7% in the first three quarters of 2017 amid higher export growth. Taiwan's inflation rate softened to 0.6% in the first 10 months of 2017 from 1.4% in 2016 on the back of lower food prices. Taiwan's central bank left its discount rate unchanged at 1.375% to support domestic demand.



Source: Bloomberg

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.

## Manager's Report

### 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.

In North Asia, 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. 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.

Japan's economic growth is projected to moderate from 1.5% in 2017 to 1.2% in 2018 on the back of slower consumer spending and export growth. South Korea's GDP growth is anticipated to inch lower from 3.1% in 2017 to 2.9% in 2018 as investment spending eases. Meanwhile, Taiwan's GDP growth is envisaged to firm from 2.2% in 2017 to 2.3% in 2018, driven by higher investment spending.

In South-East Asia, Singapore's GDP growth is estimated to edge down from 2.7% in 2017 to 2.4% in 2018 on expectations of moderating export growth. Indonesia's GDP growth is expected to expand from 5.1% in 2017 to 5.3% in 2018 due to robust domestic demand.

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 appreciation over the medium to long term period by investing in the domestic and regional markets.

Note: H = Half

## 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, PFA30F 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 November 2017

	2017 MYR'000	2016 MYR'000
<b>Assets</b>		
Investments	267,455	98,744
Due from the Manager, net	2,390	89
Other receivables	11	1
Deposits with financial institutions	23,253	7,218
Cash at banks	4,020	10,364
	297,129	116,416
<b>Liabilities</b>		
Due to the Trustee	15	6
Other payables	72	43
Distribution payable	-	475
	87	524
<b>Total net assets</b>	297,042	115,892
<b>Net asset value ("NAV") attributable to unitholders (Total equity)</b>	297,042	115,892
<b>Units in circulation (in '000)</b>	661,266	317,562
<b>NAV per unit (in sen)</b>	44.92	36.49

## Statement Of Income And Expenditure

For the Financial Year Ended 30 November 2017

	2017 MYR'000	2016 MYR'000
<b>Income</b>		
Interest income	424	239
Dividend income	3,756	2,450
Net gain from investments	33,307	13,581
Net realised/unrealised foreign exchange (loss)/gain	(411)	549
	37,076	16,819
<b>Less: Expenses</b>		
Trustee's fee	114	65
Management fee	3,030	1,724
Audit fee	7	7
Tax agent's fee	3	3
Brokerage fee	544	240
Administrative fees and expenses	87	59
	3,785	2,098
<b>Net income before taxation</b>	33,291	14,721
<b>Taxation</b>	(422)	(238)
<b>Net income after taxation</b>	32,869	14,483
<b>Net income after taxation is made up as follows:</b>		
Realised	3,266	4,164
Unrealised	29,603	10,319
	32,869	14,483
<b>Final distribution for the financial year</b>	-	475

## 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	88,170	18,881	107,051
Creation of units	12,061	-	12,061
Cancellation of units	(17,228)	-	(17,228)
Net income after taxation	-	14,483	14,483
Distribution	-	(475)	(475)
As at 30 November 2016	83,003	32,889	115,892
As at 1 December 2016	83,003	32,889	115,892
Creation of units	159,835	-	159,835
Cancellation of units	(11,554)	-	(11,554)
Net income after taxation	-	32,869	32,869
As at 30 November 2017	231,284	65,758	297,042

## Statement Of Cash Flows

For the Financial Year Ended 30 November 2017

	2017 MYR'000	2016 MYR'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments	28,540	35,309
Purchase of investments	(164,363)	(30,014)
Maturity of deposits	3,411,946	1,832,397
Placement of deposits	(3,427,981)	(1,833,155)
Interest income received	422	239
Net dividend income received	3,321	2,259
Trustee's fee paid	(105)	(65)
Management fee paid	(2,775)	(1,720)
Audit fee paid	(7)	(7)
Tax agent's fee paid	(3)	(6)
Payment of other fees and expenses	(59)	(60)
<b>Net cash (outflow)/inflow from operating activities</b>	(151,064)	5,177
<b>Cash flows from financing activities</b>		
Cash proceeds from units created	157,401	11,751
Cash paid on units cancelled	(11,676)	(17,348)
Distribution paid	(475)	-
<b>Net cash inflow/(outflow) from financing activities</b>	145,250	(5,597)
<b>Net decrease in cash and cash equivalents</b>	(5,814)	(420)
<b>Effect of change in foreign exchange rates</b>	(530)	466
<b>Cash and cash equivalents at the beginning of the financial year</b>	10,364	10,318
<b>Cash and cash equivalents at the end of the financial year</b>	4,020	10,364