

Fund Information

Fund Name

Public Optimal Growth Fund (POGF)

Fund Category

Equity

Fund Investment Objective

To provide income and capital growth by investing in stocks which offer attractive dividend yields* and growth stocks in the domestic market.

*Stocks which offer attractive dividend yields refer to stocks with consistency in rewarding shareholders via dividend payouts.

Fund Performance Benchmark

The benchmark of the Fund is the FTSE Bursa Malaysia Top 100 Index (FBM 100).

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Fund Distribution Policy

Annual

Breakdown of Unitholdings of POGF as at 31 January 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	1,256	6.66	5
5,001 to 10,000	2,044	10.84	15
10,001 to 50,000	9,160	48.57	235
50,001 to 500,000	6,277	33.28	759
500,001 and above	123	0.65	108
Total	18,860	100.00	1,122

Note: Excluding Manager's Stock.

Fund Performance

For the Financial Period Ended 31 January 2018

Average Total Return for the Following Years Ended 31 January 2018

	Average Total Return of POGF (%)
1 Year	12.50
3 Years	4.20
5 Years	7.22

Annual Total Return for the Financial Years Ended 31 July

Year	2017	2016	2015	2014	2013
POGF (%)	7.87	0.04	-3.61	13.04	13.13

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 31 January

	2018	2017	2016
Unit Prices (MYR)			
Highest NAV per unit for the period	0.3279	0.3000	0.2973
Lowest NAV per unit for the period	0.3061	0.2870	0.2700
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	365,811	373,766	335,819
UIC (in '000)	1,122,023	1,259,427	1,170,813
NAV per unit (MYR)	0.3260	0.2968	0.2868
Total Return for the Period (%)	5.53	1.19	-3.00
Capital growth (%)	4.69	0.55	-3.70
Income (%)	0.80	0.64	0.73
Management Expense Ratio (%)	1.57	1.57	1.57
Portfolio Turnover Ratio (time)	0.13	0.19	0.19

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.

The Portfolio Turnover Ratio for the financial period 2018 dropped to 0.13 time from 0.19 time in the previous financial period on account of lower level of rebalancing activities performed by the Fund during the period.

Fund Performance

For the Financial Period Ended 31 January 2018

Asset Allocation for the Past Three Financial Periods

	As at 31 January (Per Cent of Net Asset Value)		
	2018 %	2017 %	2016 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Basic Materials	5.2	3.8	1.1
Communications	7.5	12.1	13.0
Consumer, Cyclical	0.8	6.7	3.8
Consumer, Non-cyclical	12.1	15.5	12.3
Diversified	5.1	7.6	9.1
Energy	5.3	-	1.4
Financial	38.3	30.0	25.2
Industrial	6.4	2.4	7.3
Technology	-	0.1	0.2
Utilities	9.7	7.3	6.1
TOTAL QUOTED EQUITY SECURITIES	90.4	85.5	79.5
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
Financial	3.1	4.7	4.1
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	3.1	4.7	4.1
WARRANTS			
Quoted			
Malaysia			
Warrants	0.1	-	0.1
TOTAL QUOTED WARRANTS	0.1	-	0.1
DEPOSITS WITH FINANCIAL INSTITUTIONS	7.4	10.6	13.5
OTHER ASSETS & LIABILITIES	-1.0	-0.8	2.8

Manager's Report

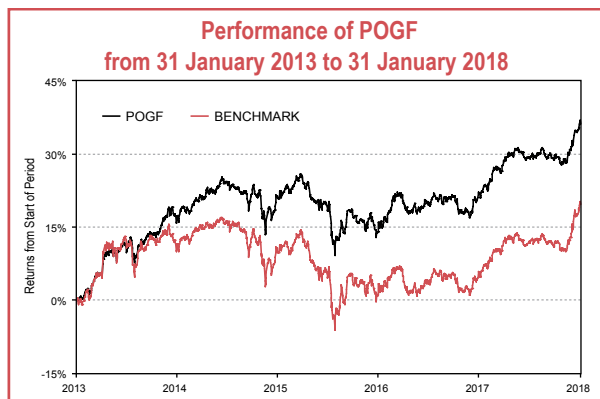
Overview

This Interim Report covers the financial period from 1 August 2017 to 31 January 2018.

Public Optimal Growth Fund (POGF or the Fund) aims to provide income and capital growth by investing in stocks which offer attractive dividend yields and growth stocks in the domestic market.

For the financial period under review, the Fund registered a return of +5.53% as compared to its Benchmark's return of +7.12%. The Fund's equity portfolio registered a return of +6.70% while its money market portfolio registered a return of +1.53% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 31 January 2018, the Fund registered a return of +36.10% and outperformed its Benchmark's return of +19.61% over the same period.



The Benchmark of the Fund is the FTSE Bursa Malaysia Top 100 Index (FBM 100) which comprises the top 100 large and mid-cap companies by full market capitalisation listed on the Bursa Malaysia Main Market.

Effect of Distribution Reinvestment on Portfolio Exposures

There were no distributions declared for the period ended 31 January 2018.

Change in Portfolio Exposures from 31-Jul-17 to 31-Jan-18

	31-Jul-17	31-Jan-18	Change	Average Exposure
Equities & Related Securities	92.8%	93.6%	+0.8%	95.11%
Money Market	7.2%	6.4%	-0.8%	4.89%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	6.70%	7.12%	FBM 100 Overnight Rate	95.11%	6.37%
Money Market	1.53%	1.47%		4.89%	0.08%
less: Expenses					-0.92%
Total Net Return for the Period					5.53%
FBM 100	= FTSE Bursa Malaysia Top 100 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 +6.70% as compared to the Benchmark's return of +7.12%. The Fund's equity portfolio registered a positive return which was lower than its Benchmark's return as the Benchmark was lifted by the rebound in selected mid capitalisation stocks which the Fund does not focus on during the financial period under review.

The Fund commenced the financial period under review with an equity exposure of 92.8% and this was maintained at above 90% over 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 93.6%. Based on an average equity exposure of 95.11%, the Fund's equity portfolio is deemed to have registered a return of +6.37% 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.

Sector Allocation

In terms of sector allocation within the equity portfolio, the top 5 sectors accounted for 77.1% of the Net Asset Value (NAV) of the Fund and 82.4% of the Fund's equity portfolio. The weightings of the top 5 sectors are in the following order: Financial (41.4%), Consumer, Non-cyclical (12.1%), Utilities (9.7%), Communications (7.5%) and Industrial (6.4%).

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 +1.47% over the same period.

Manager's Report

During the financial period under review, the Fund's exposure to money market investments decreased from 7.2% to 6.4% as funds were mobilised into equity investments. Based on an average exposure of 4.89%, 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 1,760.03 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) traded range-bound in August 2017 due to 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 in tandem with firmer oil prices and buying interest from foreign investors. The FBM KLCI closed at 1,868.58 points to register a gain of 6.17% for the financial period under review.



Money Market Review

The Overnight Rate commenced the financial period under review at 2.99% and ended the financial period under review higher at 3.17%.

Economic Review

Malaysia's GDP growth gained pace from 4.2% in 2016 to 5.9% in the first three quarters of 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 the first three quarters of 2017. Meanwhile, growth in manufacturing activities increased from 4.4% to 6.2% over the same period.

Manager's Report

Malaysia's export growth accelerated to 20.4% in the first 11 months of 2017 from 1.2% in 2016 due mainly to higher exports of electrical and electronic products. Import growth surged to 21.2% from 1.9% over the same period. Malaysia's cumulative trade surplus widened to RM90.0 billion in the first 11 months of 2017 compared to RM79.2 billion for the corresponding period of the prior year. Due to capital inflows, Malaysia's foreign reserves rose to US\$102.4 billion as at end-December 2017 compared to US\$94.5 billion a year ago.

Malaysia's inflation rate gained pace 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 3.1% 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%.

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 amid an improved outlook for the global economy. However, concerns over inflationary pressures in the U.S. may result in volatile market conditions in the near term. Looking ahead, the performance of equity markets 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 2.6% 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 2.2% in 2018 on expectations of slower export growth.

Manager's Report

On the domestic front, Malaysia's GDP growth is projected to ease from 5.8% 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-January 2018, the local stock market was trading at a prospective P/E ratio of 16.7x, which was above its 10-year average of 16.5x. The market's dividend yield was 3.22%.

Given the above factors, the Fund will continue to rebalance its investment portfolio accordingly with the objective of providing income and capital growth by investing in stocks which offer attractive dividend yields and growth stocks in the domestic market.

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, POGF 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 31 January 2018. 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 31 January 2018

	31.1.2018 MYR'000	31.7.2017 MYR'000
Assets		
Investments	342,406	360,261
Due from brokers/financial institutions, net	388	-
Other receivables	320	255
Deposits with financial institutions	27,146	29,329
Cash at bank	51	62
	370,311	389,907
Liabilities		
Due to brokers/financial institutions, net	2,313	-
Due to the Manager, net	2,143	1,545
Due to the Trustee	20	21
Other payables	24	33
Distribution payable	-	9,205
	4,500	10,804
Total net assets	365,811	379,103
Net asset value ("NAV") attributable to unitholders (Total equity)	365,811	379,103
Units in circulation (in '000)	1,122,023	1,227,290
NAV per unit (in sen)	32.60	30.89

Extracts Of Financial Statements (cont'd)

Statement of Income and Expenditure

For the Financial Period Ended 31 January 2018

	1.8.2017 to 31.1.2018 MYR'000	1.8.2016 to 31.1.2017 MYR'000
Income		
Interest income	276	679
Dividend income	5,758	4,963
Net gain from investments	16,922	2,376
	22,956	8,018
Less: Expenses		
Trustee's fee	119	121
Management fee	2,962	3,029
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	288	380
Administrative fees and expenses	13	20
	3,386	3,554
Net income before taxation	19,570	4,464
Taxation	(44)	(75)
Net income after taxation	19,526	4,389
Net income after taxation is made up as follows:		
Realised	1,393	4,090
Unrealised	18,133	299
	19,526	4,389

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value

For the Financial Period Ended 31 January 2018

	Unitholders' capital MYR'000	(Accumulated loss)/ retained earnings MYR'000	Total MYR'000
As at 1 August 2016	392,904	(14,565)	378,339
Creation of units	8,497	-	8,497
Cancellation of units	(17,459)	-	(17,459)
Net income after taxation	-	4,389	4,389
As at 31 January 2017	383,942	(10,176)	373,766
As at 1 August 2017	373,949	5,154	379,103
Creation of units	9,647	-	9,647
Cancellation of units	(42,465)	-	(42,465)
Net income after taxation	-	19,526	19,526
As at 31 January 2018	341,131	24,680	365,811

Extracts Of Financial Statements (cont'd)

Statement of Cash Flows

For the Financial Period Ended 31 January 2018

	1.8.2017 to 31.1.2018 MYR'000	1.8.2016 to 31.1.2017 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	65,374	58,521
Purchase of investments	(28,585)	(81,879)
Subscription of rights	(375)	-
Maturity of deposits	2,235,016	4,396,844
Placement of deposits	(2,232,833)	(4,364,195)
Interest income received	273	694
Net dividend income received	5,652	5,112
Trustee's fee paid	(120)	(121)
Management fee paid	(3,000)	(3,034)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(22)	(25)
Net cash inflow from operating activities	41,376	11,913
Cash flows from financing activities		
Cash proceeds from units created	9,647	8,936
Cash paid on units cancelled	(41,829)	(17,624)
Distribution paid	(9,205)	(3,225)
Net cash outflow from financing activities	(41,387)	(11,913)
Net decrease in cash and cash equivalents	(11)	-
Cash and cash equivalents at the beginning of the financial period	62	50
Cash and cash equivalents at the end of the financial period	51	50