

# Fund Information

## Fund Name

Public Sector Select Fund (PSSF)

## Fund Category

Equity

## Fund Investment Objective

To seek long-term capital appreciation by investing in a portfolio of securities from selected market sectors in the domestic market.

## 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

Incidental

## Breakdown of Unitholdings of PSSF as at 30 April 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	1,019	3.69	4
5,001 to 10,000	2,570	9.31	19
10,001 to 50,000	13,571	49.19	362
50,001 to 500,000	10,226	37.06	1,240
500,001 and above	206	0.75	165
<b>Total</b>	<b>27,592</b>	<b>100.00</b>	<b>1,790</b>

*Note: Excluding Manager's Stock.*

## Fund Performance

### Average Total Return for the Following Years Ended 30 April 2018

	Average Total Return of PSSF (%)
1 Year	4.43
3 Years	3.92
5 Years	6.04

## Fund Performance

For the Financial Period Ended 30 April 2018

### Annual Total Return for the Financial Years Ended 31 October

Year	2017	2016	2015	2014	2013
PSSF (%)	6.04	5.46	-1.79	5.97	11.98

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:

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

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 30 April

	2018	2017	2016
<b>Unit Prices (MYR)</b>			
Highest NAV per unit for the period	0.3011	0.2995	0.3014
Lowest NAV per unit for the period	0.2846	0.2752	0.2824
<b>Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period</b>			
Total NAV (MYR'000)	532,306	556,451	523,548
UIC (in '000)	1,791,179	1,858,177	1,766,107
NAV per unit (MYR)	0.2972	0.2995	0.2964
<b>Total Return for the Period (%)</b>	<b>3.53</b>	<b>5.13</b>	<b>4.26</b>
Capital growth (%)	2.69	4.54	3.76
Income (%)	0.82	0.56	0.48
<b>Management Expense Ratio (%)</b>	<b>1.56</b>	<b>1.57</b>	<b>1.57</b>
<b>Portfolio Turnover Ratio (time)</b>	<b>0.16</b>	<b>0.04</b>	<b>0.13</b>

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 rose to 0.16 time from 0.04 time in the previous financial period on account of higher level of rebalancing activities performed by the Fund during the period.

## Fund Performance

For the Financial Period Ended 30 April 2018

### Asset Allocation for the Past Three Financial Periods

	As at 30 April (Percent of NAV)		
	2018 %	2017 %	2016 %
<b>EQUITY SECURITIES</b>			
<b>Quoted</b>			
<b>Malaysia</b>			
<b>Ordinary Shares</b>			
Communications	7.8	13.7	13.8
Consumer, Cyclical	7.9	9.3	7.5
Consumer, Non-cyclical	16.9	15.0	8.5
Financial	37.2	33.6	30.6
Industrial	3.2	3.5	4.5
Utilities	9.7	9.2	10.3
	<b>82.7</b>	<b>84.3</b>	<b>75.2</b>
<b>Preference Shares</b>			
Financial	1.7	-	-
<b>TOTAL QUOTED EQUITY SECURITIES</b>	<b>84.4</b>	<b>84.3</b>	<b>75.2</b>
<b>COLLECTIVE INVESTMENT FUNDS</b>			
<b>Quoted</b>			
<b>Malaysia</b>			
Financial	1.8	4.3	5.1
<b>TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS</b>	<b>1.8</b>	<b>4.3</b>	<b>5.1</b>
<b>WARRANTS</b>			
<b>Quoted</b>			
<b>Malaysia</b>			
Warrants	0.1	-	-
<b>TOTAL QUOTED WARRANTS</b>	<b>0.1</b>	<b>-</b>	<b>-</b>
<b>COLLECTIVE INVESTMENT SCHEMES</b>			
<b>Unquoted</b>			
Funds	3.4	-	-
<b>TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEMES</b>	<b>3.4</b>	<b>-</b>	<b>-</b>
<b>FIXED INCOME SECURITIES</b>			
<b>Unquoted</b>			
<b>Ringgit-denominated</b>			
Redeemable Non-convertible Bonds	-	1.0	1.1
<b>TOTAL UNQUOTED FIXED INCOME SECURITIES</b>	<b>-</b>	<b>1.0</b>	<b>1.1</b>
<b>DEPOSITS WITH FINANCIAL INSTITUTIONS</b>	<b>9.3</b>	<b>10.4</b>	<b>18.6</b>
<b>OTHER ASSETS &amp; LIABILITIES</b>	<b>1.0</b>	<b>-</b>	<b>-</b>

## Manager's Report

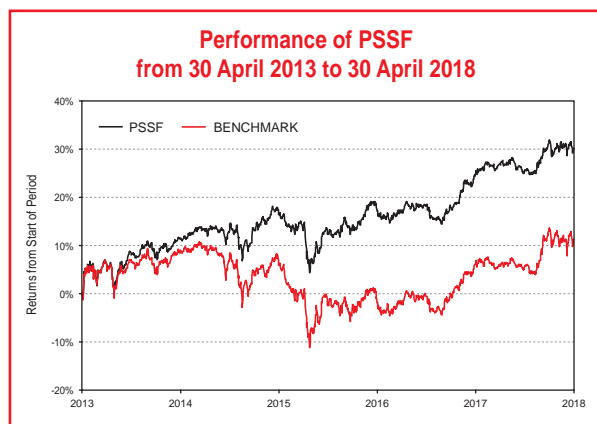
### Overview

This Interim Report covers the financial period from 1 November 2017 to 30 April 2018.

Public Sector Select Fund (PSSF or the Fund) aims to seek long-term capital appreciation by investing in a portfolio of securities from selected market sectors in the domestic market.

For the financial period under review, the Fund registered a return of +3.53% as compared to its Benchmark's return of +5.06%. The Fund's equity portfolio registered a return of +4.84% while its money market portfolio registered a return of +1.57% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 30 April 2018, the Fund generated a total return of +30.19% and outperformed the Benchmark's return of +11.35% 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 30 April 2018.

### Change in Portfolio Exposures from 31-Oct-17 to 30-Apr-18

	31-Oct-17	30-Apr-18	Change	Average Exposure
Equities & Related Securities	83.4%	86.3%	+2.9%	87.32%
Money Market	16.6%	13.7%	-2.9%	12.68%

## Manager's Report

### Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	4.84%	5.06%	FBM 100 Overnight Rate	87.32%	4.23%
Money Market	1.57%	1.51%		12.68%	0.20%
less: Expenses					-0.90%
<b>Total Net Return for the Period</b>					<b>3.53%</b>

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 +4.84% as compared to the Benchmark's return of +5.06%.

The Fund commenced the financial period under review with an equity exposure of 83.4% and its equity weight was increased to above 90% in January 2018 to capitalise on investment opportunities in the domestic market. The Fund subsequently reduced its exposure to lock-in profits and ended the financial period under review with an equity exposure of 86.3%. Based on an average equity exposure of 87.32%, the Fund's equity portfolio is deemed to have registered a return of +4.23% 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 83.0% of the Net Asset Value (NAV) of the Fund and 96.2% of the Fund's equity portfolio. The weightings of the top 5 sectors in Malaysia are in the following order: Financial (40.7%), Consumer, Non-cyclical (16.9%), Utilities (9.7%), Consumer, Cyclical (7.9%) and Communications (7.8%).

### Money Market Portfolio Review

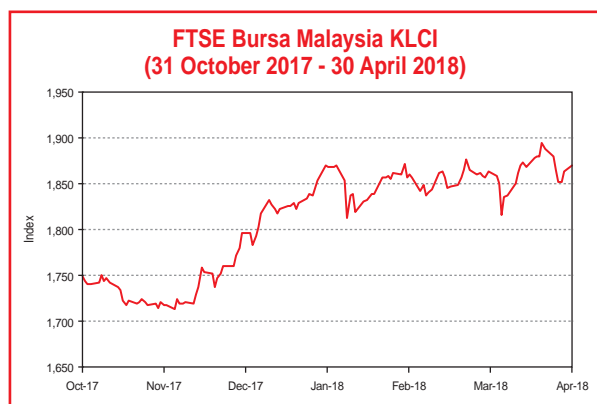
During the financial period under review, the Fund's money market portfolio, which was invested primarily in deposits, yielded a return of +1.57%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.51% over the same period.

During the financial period under review, the Fund's exposure to money market investments decreased from 16.6% to 13.7% as funds were mobilised into equity investments. Based on an average exposure of 12.68%, the money market portfolio is estimated to have contributed +0.20% to the Fund's overall return for the financial period under review.

## Manager's Report

### Stock Market Review

Commencing the financial period under review at 1,747.92 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) retraced in November 2017 as market sentiment was dampened by a lack of fresh catalysts and a sell-down in selected blue chips. The Index 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 early February 2018, the Index fell in tandem with global markets due to concerns over the prospect of higher-than-expected interest rates in the U.S. The Index subsequently rebounded to close at an all-time high of 1,895.18 points on 19 April 2018 amid net foreign inflows. The FBM KLCI closed at 1,870.37 points to register a gain of 7.01% for the financial period under review.



### Money Market Review

The Overnight Rate commenced the financial period under review at 2.92% 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 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.

Malaysia's export growth moderated to 7.8% in the first two months of 2018 from 18.9% in 2017 due mainly to slower exports of electrical and electronic products. Import growth eased to 4.6% from 19.9% over the same period on the back of lower imports of intermediate goods. Malaysia's cumulative trade surplus widened to RM18.7 billion in the first two months of 2018 compared to RM13.5 billion in the corresponding period of the prior year. Due to capital inflows, Malaysia's foreign reserves increased to US\$107.8 billion as at end-March 2018 compared to US\$95.4 billion a year ago.

## Manager's Report

Malaysia's inflation rate slowed to 1.8% in 1Q 2018 from 3.7% in 2017 amid moderating food prices and transportation costs. 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% on the back of resilient economic growth. Loans growth edged up to 4.4% in 1Q 2018 from 4.1% in 2017 due to higher demand from the household sector.

Led by higher investment spending and export growth, U.S. GDP growth rose from 2.3% in 2017 to 2.9% in 1Q 2018. Investment spending increased from 3.3% in 2017 to 5.8% in 1Q 2018 due to higher investment in equipment. Likewise, export growth expanded from 3.4% to 4.3% over the same period. At the Federal Open Market Committee (FOMC) meeting on 20-21 March 2018, the Federal Reserve raised the Federal funds rate target range by 25 bps from 1.25%-1.50% to 1.50%-1.75%.

Eurozone GDP growth gained pace from 1.8% in 2016 to 2.5% in 2017 on the back of higher export growth. At its monetary policy meeting on 26 April 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 mixed note in the first 4 months of 2018 on concerns over the prospect of higher U.S. interest rates and the U.S. government's proposed protectionist measures. While concerns over inflationary pressures in the U.S. as well as U.S.-China trade tensions 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 2.8% 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 a moderation in consumer spending and investment.

On the domestic front, Malaysia's GDP growth is projected to ease from 5.9% in 2017 to 5.4% in 2018 amid moderating export growth. However, domestic demand is projected to be supported by sustained consumer and investment spending.

As at end-April 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 3.29%.

## Manager's Report

Given the above factors, the Fund will continue to rebalance its investment portfolio accordingly with the objective of seeking long-term capital appreciation by investing in a portfolio of securities from selected market sectors in the domestic market.

Note: Q = Quarter

### 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, PSSF 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 30 April 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 30 April 2018

	30.4.2018 MYR'000	31.10.2017 MYR'000
<b>Assets</b>		
Investments	477,250	468,828
Due from brokers/financial institutions, net	10,472	1,135
Other receivables	940	1,540
Deposits with financial institutions	49,591	82,566
Cash at bank	50	50
	538,303	554,119
<b>Liabilities</b>		
Due to brokers/financial institutions, net	4,852	11,459
Due to the Manager, net	1,086	1,355
Due to the Trustee	28	29
Other payables	31	40
Distribution payable	-	26,873
	5,997	39,756
<b>Total net assets</b>	<b>532,306</b>	<b>514,363</b>
<b>Net asset value ("NAV") attributable to unitholders (Total equity)</b>	<b>532,306</b>	<b>514,363</b>
<b>Units in circulation (in '000)</b>	<b>1,791,179</b>	<b>1,791,531</b>
<b>NAV per unit (in sen)</b>	<b>29.72</b>	<b>28.71</b>

## Extracts Of Financial Statements (cont'd)

### Statement of Income and Expenditure

For the Financial Period Ended 30 April 2018

	1.11.2017 to 30.4.2018 MYR'000	1.11.2016 to 30.4.2017 MYR'000
<b>Income</b>		
Interest income	776	1,075
Distribution income	607	620
Dividend income	7,409	5,876
Net gain from investments	14,779	23,991
	23,571	31,562
<b>Less: Expenses</b>		
Trustee's fee	170	168
Management fee	4,211	4,211
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	450	118
Administrative fees and expenses	19	23
	4,854	4,524
<b>Net income before taxation</b>	18,717	27,038
<b>Taxation</b>	(30)	(60)
<b>Net income after taxation</b>	18,687	26,978
<b>Net income after taxation is made up as follows:</b>		
Realised	14,394	3,795
Unrealised	4,293	23,183
	18,687	26,978

## Extracts Of Financial Statements (cont'd)

### Statement of Changes in Net Asset Value

For the Financial Period Ended 30 April 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 November 2016	453,191	57,617	510,808
Creation of units	31,725	-	31,725
Cancellation of units	(13,060)	-	(13,060)
Net income after taxation	-	26,978	26,978
As at 30 April 2017	471,856	84,595	556,451
As at 1 November 2017	451,576	62,787	514,363
Creation of units	27,358	-	27,358
Cancellation of units	(28,102)	-	(28,102)
Net income after taxation	-	18,687	18,687
As at 30 April 2018	450,832	81,474	532,306

## Extracts Of Financial Statements (cont'd)

### Statement of Cash Flows

For the Financial Period Ended 30 April 2018

	1.11.2017 to 30.4.2018 MYR'000	1.11.2016 to 30.4.2017 MYR'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments	74,612	12,822
Purchase of investments	(95,156)	(31,995)
Capital distribution received	10,507	-
Maturity of deposits	6,306,087	7,825,113
Placement of deposits	(6,273,112)	(7,800,763)
Interest income received	778	1,068
Net distribution income received	577	560
Net dividend income received	8,007	5,369
Trustee's fee paid	(171)	(168)
Management fee paid	(4,250)	(4,214)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(28)	(30)
<b>Net cash inflow from operating activities</b>	<b>27,847</b>	<b>7,758</b>
<b>Cash flows from financing activities</b>		
Cash proceeds from units created	27,420	32,038
Cash paid on units cancelled	(28,394)	(12,907)
Distribution paid	(26,873)	(26,890)
<b>Net cash outflow from financing activities</b>	<b>(27,847)</b>	<b>(7,759)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>	<b>(1)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>50</b>	<b>51</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>50</b>	<b>50</b>