

Fund Information

Fund Name

Public Index Fund (PIX)

Fund Category

Equity

Fund Investment Objective

To achieve long-term capital appreciation while at the same time attempting to outperform the FTSE Bursa Malaysia Top 100 Index.

Fund Performance Benchmark

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

The PIX is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by Bursa Malaysia Berhad ("BURSA MALAYSIA") or by the London Stock Exchange Group companies (the "LSEG") and neither FTSE nor BURSA MALAYSIA nor LSEG makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE BURSA MALAYSIA TOP 100 INDEX ("the Index"), and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor BURSA MALAYSIA nor LSEG shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor BURSA MALAYSIA nor LSEG shall be under any obligation to advise any person of any error therein.

"FTSE®", "FT-SE®" and "Footsie®" are trade marks of LSEG and are used by FTSE under licence. "BURSA MALAYSIA" is a trade mark of BURSA MALAYSIA.

Fund Distribution Policy

Incidental

Breakdown of Unitholdings of PIX as at 31 January 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	9,842	21.38	31
5,001 to 10,000	9,302	20.20	68
10,001 to 50,000	20,168	43.80	466
50,001 to 500,000	6,635	14.41	726
500,001 and above	95	0.21	85
Total	46,042	100.00	1,376

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 31 January 2018

	Average Total Return of PIX (%)
1 Year	12.66
3 Years	3.71
5 Years	6.18

Fund Performance

For the Financial Year Ended 31 January 2018

Annual Total Return for the Financial Years Ended 31 January

Year	2018	2017	2016	2015	2014
PIX (%)	12.66	1.74	-3.04	1.55	15.95

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 31 January

	2018	2017	2016
Unit Prices (MYR)*			
Highest NAV per unit for the year	0.7111	0.6530	0.7063
Lowest NAV per unit for the year	0.6296	0.6234	0.5945
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Year			
Total NAV (MYR'000)	946,713	906,480	873,129
UIC (in '000)	1,376,313	1,442,658	1,380,797
NAV per unit (MYR)	0.6879	0.6283	0.6323
Total Return for the Year (%)	12.66	1.74	-3.04
Capital growth (%)	10.65	0.26	-4.32
Income (%)	1.82	1.48	1.34
Management Expense Ratio (%)	1.56	1.56	1.57
Portfolio Turnover Ratio (time)	0.18	0.18	0.18

* 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.

Fund Performance

For the Financial Year Ended 31 January 2018

Distribution and Unit Split

Financial year	2018	2017	2016
Date of distribution	30.1.18	31.1.17	29.1.16
Distribution per unit			
Gross (sen)	2.00	1.50	2.25
Net (sen)	2.00	1.50	2.25
Unit split	-	-	-

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

	2018 Sen per unit	2017 Sen per unit	2016 Sen per unit
Net asset value before distribution	70.79	64.33	65.48
Less: Net distribution per unit	(2.00)	(1.50)	(2.25)
Net asset value after distribution	68.79	62.83	63.23

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 31 January (Per Cent of Net Asset Value)		
	2018 %	2017 %	2016 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Ordinary Shares			
Basic Materials	4.4	3.4	2.7
Communications	8.4	10.6	11.8
Consumer, Cyclical	6.2	5.6	5.6
Consumer, Non-cyclical	14.5	12.4	12.5
Diversified	3.1	8.6	7.6
Energy	5.9	5.4	4.9
Financial	39.9	31.6	28.4
Industrial	6.7	6.5	6.2
Utilities	4.3	7.4	8.1
	93.4	91.5	87.8
Preference Shares			
Financial	0.1	0.1	-
TOTAL QUOTED EQUITY SECURITIES	93.5	91.6	87.8

Fund Performance

For the Financial Year Ended 31 January 2018

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

	As at 31 January (Per Cent of Net Asset Value)		
	2018 %	2017 %	2016 %
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia Financial	1.9	2.9	1.2
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	1.9	2.9	1.2
COLLECTIVE INVESTMENT SCHEMES			
Unquoted Funds	1.1	-	-
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEMES	1.1	-	-
DEPOSITS WITH FINANCIAL INSTITUTIONS	6.6	8.1	14.8
OTHER ASSETS & LIABILITIES	-3.1	-2.6	-3.8

Statement Of Distribution Of Returns

For the Financial Year Ended 31 January 2018

	Sen Per Unit
Gross Distribution	2.0000
Net Distribution	2.0000
Total Returns	7.9600

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

	Before Distribution	After Distribution
NAV per unit (MYR)	0.7079	0.6879

Manager's Report

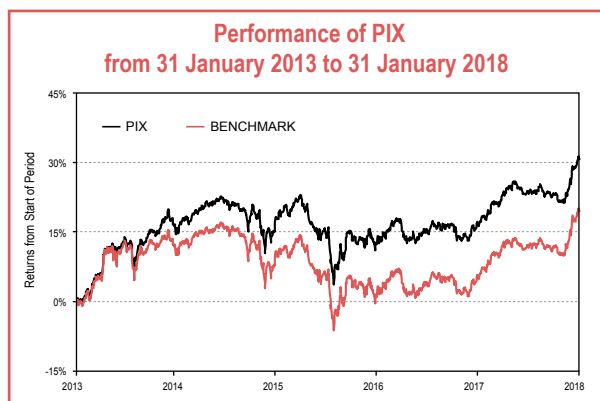
Overview

This Annual Report covers the financial year from 1 February 2017 to 31 January 2018.

Public Index Fund (PIX or the Fund) aims to achieve long-term capital appreciation while at the same time attempting to outperform the FTSE Bursa Malaysia Top 100 Index.

For the financial year under review, the Fund registered a return of +12.66% as compared to its Benchmark's return of +14.18%. The Fund's equity portfolio registered a return of +15.07% 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 31 January 2018, the Fund registered a total cumulative return of +30.88% and outperformed its Benchmark's return of +19.61% over the same period. Consequently, it is the opinion of the Manager that the Fund has met its objective of achieving long-term capital appreciation over the said 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.

Income Distribution and Impact on NAV Arising from Distribution

The gross distribution of 2.00 sen per unit (net distribution of 2.00 sen per unit) for the financial year ended 31 January 2018 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 RM0.6879 from RM0.7079 after distribution.

Manager's Report

Effect of Distribution Reinvestment on Portfolio Exposures

	31-Jan-18	
	Before Distribution Reinvestment*	After Distribution Reinvestment*
Equities & Related Securities	95.4%	92.8%
Money Market	4.6%	7.2%

* Assumes full reinvestment.

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

	31-Jan-17	31-Jan-18	Change	Average Exposure
Equities & Related Securities	92.2%	92.8%	+0.6%	94.62%
Money Market	7.8%	7.2%	-0.6%	5.38%

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	15.07%	14.18%	FBM 100 Overnight Rate	94.62%	14.26%
Money Market	3.05%	2.97%		5.38%	0.16%
less: Expenses					-1.76%
Total Net Return for the Year					12.66%
FBM 100	= FTSE Bursa Malaysia Top 100 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 +15.07% and outperformed the Benchmark's return of +14.18%. The Fund's equity portfolio outperformed the Benchmark as its investments in the Financial and Energy sectors outperformed the broad market during the financial year under review.

The Fund commenced the financial year under review with an equity exposure of 92.2% and this was maintained at above 90% over the financial year under review to capitalise on investment opportunities in the domestic market. The Fund ended the financial year under review with an equity exposure of 92.8%. Based on an average equity exposure of 94.62%, the Fund's equity portfolio is deemed to have registered a return of +14.26% to the Fund as a whole for the financial year under review. A full review of the performance of the equity market 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 77.7% of the NAV of the Fund and 81.4% of the Fund's equity portfolio. The weightings of the top 5 sectors in Malaysia are in the following order: Financial (41.9%), Consumer, Non-cyclical (14.5%), Communications (8.4%), Industrial (6.7%) and Consumer, Cyclical (6.2%).

Portfolio Performance

As at 31 January 2018, the top 10 equity exposures of the Fund compared to the Benchmark are as follows:

Top 10 Equity Exposures of PIX vs FBM 100 as at 31 January 2018

FBM 100	% Weight in Index	PIX	% of NAV
1 Public Bank Berhad	8.8	Public Bank Berhad	9.0
2 Tenaga Nasional Berhad	8.4	Malayan Banking Berhad	8.0
3 Malayan Banking Berhad	7.7	LPI Capital Berhad	6.7
4 CIMB Group Holdings Berhad	6.0	CIMB Group Holdings Berhad	6.3
5 Axiata Group Berhad	3.4	Tenaga Nasional Berhad	4.2
6 Petronas Chemicals Group Berhad	3.0	Genting Berhad	3.5
7 Genting Berhad	2.8	Axiata Group Berhad	3.1
8 Sime Darby Plantation Berhad	2.5	Petronas Chemicals Group Berhad	2.9
9 DiGi.Com Berhad	2.4	Sime Darby Plantation Berhad	2.8
10 IHH Healthcare Berhad	2.2	IHH Healthcare Berhad	2.5

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 +2.97% over the same period.

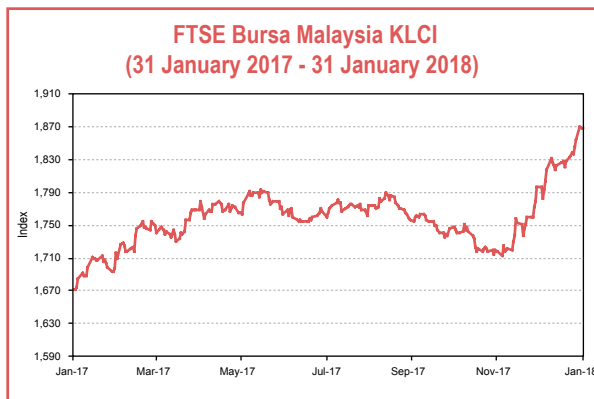
During the financial year under review, the Fund's exposure to money market investments decreased from 7.8% to 7.2% as funds were mobilised into equity investments. Based on an average exposure of 5.38%, the money market portfolio is estimated to have contributed +0.16% to the Fund's overall return for the financial year under review.

Stock Market Review

Starting the financial year under review at 1,671.54 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) strengthened in February through April 2017, led by firmer regional currencies, stable oil prices and positive sentiment arising from the new U.S. president's pro-growth policies. The Index subsequently traded range-bound in May 2017 as global energy prices softened. The market edged higher in early June 2017 amid sustained buying interest in selected blue chips, before moving lower in mid-July 2017 due to softer oil prices and a lack of fresh leads.

Manager's Report

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 11.79% for the financial year under review.

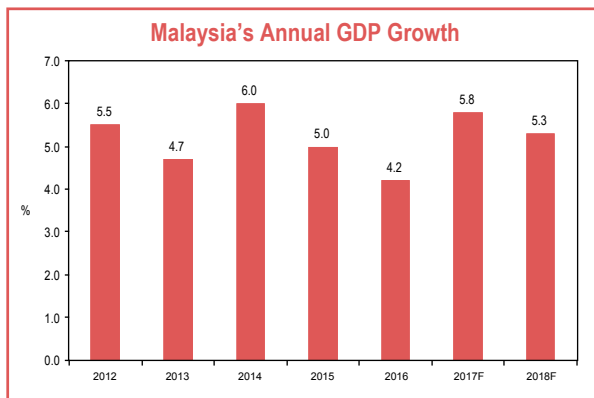


Money Market Review

The Overnight Rate commenced the financial year under review at 2.99% and ended the financial year 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.



Source: Bloomberg

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 achieving long-term capital appreciation while at the same time attempting to outperform the FTSE Bursa Malaysia Top 100 Index.

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, PIX has not received goods or services by way of soft commissions.

Statement Of Assets And Liabilities

As at 31 January 2018

	2018 MYR'000	2017 MYR'000
Assets		
Investments	914,141	856,185
Due from brokers/financial institutions, net	316	-
Other receivables	1,640	22
Deposits with financial institutions	62,229	73,442
Cash at bank	51	50
	978,377	929,699
Liabilities		
Due to the Manager, net	3,995	1,465
Due to the Trustee	52	50
Other payables	91	64
Distribution payable	27,526	21,640
	31,664	23,219
Total net assets	946,713	906,480
Net asset value ("NAV") attributable to unitholders (Total equity)	946,713	906,480
Units in circulation (in '000)	1,376,313	1,442,658
NAV per unit, ex-distribution (in sen)	68.79	62.83

Statement Of Income And Expenditure

For the Financial Year Ended 31 January 2018

	2018 MYR'000	2017 MYR'000
Income		
Interest income	1,317	3,062
Distribution income	232	-
Dividend income	31,596	25,640
Net gain from investments	97,665	3,634
	130,810	32,336
Less: Expenses		
Trustee's fee	609	588
Management fee	15,178	14,594
Audit fee	7	7
Tax agent's fee	3	3
Brokerage fee	943	931
Administrative fees and expenses	78	98
	16,818	16,221
Net income before taxation	113,992	16,115
Taxation	(73)	(60)
Net income after taxation	113,919	16,055
Net income after taxation is made up as follows:		
Realised	35,924	21,813
Unrealised	77,995	(5,758)
	113,919	16,055
Final distribution for the financial year	27,526	21,640

Statement Of Changes In Net Asset Value

For the Financial Year Ended 31 January 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 February 2016	762,739	110,390	873,129
Creation of units	72,636	-	72,636
Cancellation of units	(33,700)	-	(33,700)
Net income after taxation	-	16,055	16,055
Distribution	-	(21,640)	(21,640)
As at 31 January 2017	801,675	104,805	906,480
As at 1 February 2017	801,675	104,805	906,480
Creation of units	44,348	-	44,348
Cancellation of units	(90,508)	-	(90,508)
Net income after taxation	-	113,919	113,919
Distribution	-	(27,526)	(27,526)
As at 31 January 2018	755,515	191,198	946,713

Statement Of Cash Flows

For the Financial Year Ended 31 January 2018

	2018 MYR'000	2017 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	194,915	127,959
Purchase of investments	(153,980)	(205,189)
Subscription of rights	(2,485)	(912)
Maturity of deposits	10,738,520	23,664,041
Placement of deposits	(10,727,307)	(23,608,098)
Interest income received	1,312	3,091
Distribution income received	232	-
Net dividend income received	29,910	25,565
Trustee's fee paid	(607)	(586)
Management fee paid	(15,126)	(14,555)
Audit fee paid	(7)	(7)
Tax agent's fee paid	(3)	(3)
Payment of other fees and expenses	(51)	(149)
Net cash inflow/(outflow) from operating activities	65,323	(8,843)
Cash flows from financing activities		
Cash proceeds from units created	44,413	73,488
Cash paid on units cancelled	(88,095)	(33,748)
Distribution paid	(21,640)	(31,068)
Net cash (outflow)/inflow from financing activities	(65,322)	8,672
Net increase/(decrease) in cash and cash equivalents	1	(171)
Cash and cash equivalents at the beginning of the financial year	50	221
Cash and cash equivalents at the end of the financial year	51	50