

Fund Information

Fund Name

Public ASEAN Growth Fund (PASGF)

Fund Category

Equity

Fund Investment Objective

To achieve capital growth over the medium to long-term period by investing in a portfolio of investments in ASEAN markets.

Fund Performance Benchmark

The benchmark of the Fund is the FTSE/ASEAN 40 Index.

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Fund Distribution Policy

Incidental

Breakdown of Unitholdings of PASGF as at 31 May 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	685	13.56	3
5,001 to 10,000	928	18.37	7
10,001 to 50,000	2,274	45.02	58
50,001 to 500,000	1,123	22.24	144
500,001 and above	41	0.81	49
Total	5,051	100.00	261

Note: Excluding Manager's Stock.

Fund Performance

For the Financial Period from 26 October 2017 to 31 May 2018

Total Return for the Following Period Ended 31 May 2018

	Total Return of PASGF (%)
Since commencement	-2.76*

* The figure shown is for period since Fund commencement (15 November 2017).

Note: Average total return is not appropriate as total return for PASGF is less than one year.

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 Financial Period from 26 October 2017 to 31 May 2018

	2018
Unit Prices (MYR)	
Highest NAV per unit for the period	0.2583
Lowest NAV per unit for the period	0.2427
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period	
Total NAV (MYR'000)	63,494
UIC (in '000)	261,158
NAV per unit (MYR)	0.2431
Total Return for the Period (%)	
Capital growth (%)	-2.76
Income (%)	-3.74
	1.02
Management Expense Ratio (%)	1.86
Portfolio Turnover Ratio (time)	0.92

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.

Fund Performance

For the Financial Period from 26 October 2017 to 31 May 2018

Asset Allocation

	As at 31 May (Percent of NAV)
	2018
	%
EQUITY SECURITIES	
Quoted	
Malaysia	
Communications	0.6
Consumer, Cyclical	1.2
Consumer, Non-cyclical	1.1
Energy	2.1
Financial	9.7
Industrial	0.8
Utilities	3.5
	19.0
Outside Malaysia	
Indonesia	
Communications	2.5
Consumer, Cyclical	2.9
Consumer, Non-cyclical	2.0
Financial	9.8
	17.2
Philippines	
Consumer, Cyclical	2.5
Financial	3.3
	5.8
Singapore	
Communications	2.4
Consumer, Cyclical	1.1
Financial	25.1
	28.6
Thailand	
Communications	1.8
Consumer, Cyclical	3.3
Diversified	3.1
Energy	7.4
Financial	5.8
Industrial	2.0
	23.4
TOTAL QUOTED EQUITY SECURITIES	94.0
DEPOSITS WITH FINANCIAL INSTITUTIONS	3.2
OTHER ASSETS & LIABILITIES	2.8

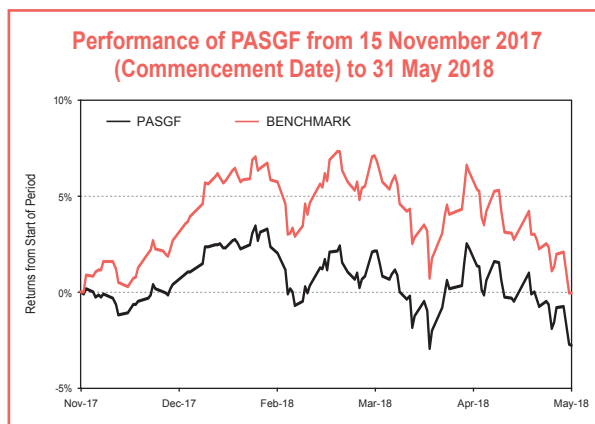
Manager's Report

Overview

For the purpose of this first Interim Report, the financial period under review covers the period from its commencement on 15 November 2017 (being the last day of the initial offer period) to 31 May 2018.

Public ASEAN Growth Fund (PASGF or the Fund) aims to achieve capital growth over the medium to long-term period by investing in a portfolio of investments in ASEAN markets.

For the financial period under review, the Fund registered a return of -2.76% as compared to its Benchmark's return of -0.08%. The Fund's equity portfolio registered a return of -1.58% while its money market portfolio registered a return of +1.69% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.



The Benchmark of the Fund is the FTSE/ASEAN 40 Index.

Effect of Distribution Reinvestment on Portfolio Exposures

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

Change in Portfolio Exposures from 15-Nov-17 to 31-May-18

	15-Nov-17 (Commencement Date)	31-May-18	Change	Average Exposure
Equities & Related Securities	0.0%	94.0%	+94.0%	92.35%
Money Market	100.0%	6.0%	-94.0%	7.65%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	-1.58%	-0.08%	Benchmark Overnight Rate	92.35%	-1.46%
Money Market	1.69%	1.66%		7.65%	0.13%
less: Expenses					-1.43%
Total Net Return for the Period					-2.76%

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 -1.58% as compared to the Benchmark's return of -0.08%. The Fund's equity portfolio registered a lower return as compared to the Benchmark as ASEAN equities trended higher during the initial 2 months since the Fund's commencement when the Fund was in the midst of building its equity positions.

Following its commencement, the Fund's equity exposure was progressively increased to 94.0% at the end of the financial period under review to capitalise on investment opportunities in the ASEAN markets. Based on an average equity exposure of 92.35%, the Fund's equity portfolio is deemed to have registered a return of -1.46% to the Fund as a whole for the financial period under review. A full review of the performance of the equity markets is tabled in the following sections.

Country Allocation

In terms of country allocation within the equity portfolio, the Fund's equity investments in Malaysia accounted for 19.0% of the Net Asset Value (NAV) of the Fund. Other than Malaysia, the remaining 4 countries accounted for 75.0% of the NAV of the Fund and 79.8% of the Fund's equity portfolio. The weightings of the 4 countries excluding Malaysia are in the following order: Singapore (28.6%), Thailand (23.4%), Indonesia (17.2%) and the Philippines (5.8%).

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 +1.69%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.66% over the same period.

Manager's Report

Following its commencement, the Fund's exposure to money market investments was progressively reduced to 6.0% at the end of the financial period under review as funds were mobilised into equity investments. Based on an average exposure of 7.65%, the money market portfolio is estimated to have contributed +0.13% to the Fund's overall return for the financial period under review.

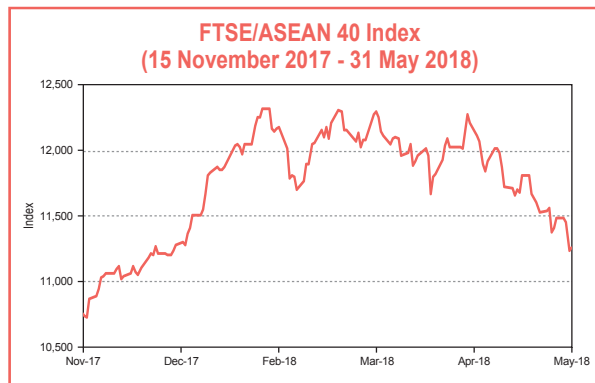
Stock Market Review

Commencing the financial period under review at 1,722.99 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 FBM KLCI 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 an all-time closing high of 1,895.18 points on 19 April 2018 amid net foreign inflows before easing in early May 2018 on cautious sentiment in the run-up to Malaysia's 14th General Election. Post-election, the local market moved in a trading range before trending lower in late May 2018, weighed by foreign selling amid the outflow of funds from the emerging markets. The FBM KLCI closed at 1,740.62 points to register a gain of 1.02% for the financial period under review.

Starting the financial period under review at 10,743.72 points, South-East Asian equity markets, as proxied by the FTSE/ASEAN 40 Index, strengthened into January 2018 as South-East Asian consumer and financial stocks rose. The Index subsequently retraced from February to March 2018 in tandem with global equity markets on concerns over the prospect of faster-than-expected interest rate hikes and protectionist measures out of the U.S. The Index pared some of its losses in April 2018 as financial and energy stocks rose before continuing its decline in May 2018 amid foreign fund outflows from emerging markets. The FTSE/ASEAN 40 Index closed at 11,260.11 points to register an increase of 4.81% (-0.08% in Ringgit terms) for the financial period under review.

Regional markets, namely the Thailand, Singapore, Indonesia and Philippines markets, registered returns of +0.55%, -1.57%, -6.95% and -16.06% (in Ringgit terms) respectively for the financial period under review.



Manager's Report

Money Market Review

The Overnight Rate commenced the financial period under review at 2.93% and ended the financial period under review higher at 3.22%.

Economic Review

Malaysia's GDP growth eased from 5.9% in 2017 to 5.4% in 1Q 2018 on the back of slower investment spending and export growth. Growth in the services sector rose from 6.2% in 2017 to 6.5% in 1Q 2018. Meanwhile, growth in manufacturing activities moderated from 6.0% to 5.3% over the same period.

Malaysia's export growth decelerated to 5.8% in 1Q 2018 from 18.9% in 2017 due mainly to slower exports of electrical and electronic products. Imports declined by 0.8% compared to a growth of 19.9% over the same period on the back of lower imports of capital and intermediate goods. Malaysia's cumulative trade surplus widened to RM33.4 billion in 1Q 2018 compared to RM18.9 billion in the corresponding period of the prior year. Due to capital inflows, Malaysia's foreign reserves increased to US\$109.5 billion as at end-April 2018 compared to US\$96.1 billion a year ago.

Malaysia's inflation rate slowed to 1.7% in the first four months of 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 climbed to 4.8% in the first four months of 2018 from 4.1% in 2017 due to higher demand from the household sector.

In South-East Asia, Singapore's GDP growth strengthened from 3.6% in 2017 to 4.4% in 1Q 2018, helped by robust services activities. Singapore's inflation rate edged down to 0.2% in the first four months of 2018 from 0.6% in 2017 amid moderating transportation costs and food prices.

Indonesia's economic growth was sustained at 5.1% in 1Q 2018 compared to a similar growth rate in 2017 on the back of resilient domestic demand. The inflation rate eased to 3.3% in the first four months of 2018 from 3.8% in 2017 due to moderating housing and transportation costs. To stabilise the Rupiah and stem capital outflows, Bank Indonesia (BI) raised its benchmark interest rate by 50 bps to 4.75% in May 2018.

Driven by resilient consumer spending and higher export growth, Thailand's GDP growth gained pace from 3.9% in 2017 to 4.8% in 1Q 2018. The inflation rate was sustained at 0.7% in the first four months of 2018 compared to a similar rate in 2017 as higher housing prices were mitigated by moderating transportation costs. The Bank of Thailand maintained its policy interest rate at 1.50% to support economic growth.

The Philippines' GDP growth inched up from 6.7% in 2017 to 6.8% in 1Q 2018 amid higher investment and government spending. The inflation rate gained pace to 4.6% in the first four months of 2018 from 3.2% in 2017 on the back of higher food prices and housing costs.

Led by higher investment spending and export growth, U.S. GDP growth rose from 2.3% in 2017 to 2.8% 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 4.2% over the same period. At the Federal Open Market Committee (FOMC) meeting on 1-2 May 2018, the Federal Reserve maintained the Federal funds rate target range at 1.50%-1.75%.

Manager's Report

Eurozone GDP growth was sustained at 2.5% in 1Q 2018 compared to a similar growth rate in 2017, backed by resilient economic activities in Germany and France. 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 experienced volatile trading conditions in the first five months of 2018 on concerns over the prospect of higher U.S. interest rates and the U.S. government's proposed protectionist measures. This caused profit-taking across selected equity markets after a strong start to the year. Fund outflows from emerging markets to the developed markets were seen in April and May on the back of weaker local currencies. While concerns over rising interest rates 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 and investment spending.

In South-East Asia, Singapore's GDP growth is estimated to ease from 3.6% in 2017 to 3.0% 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.

Meanwhile, Thailand's GDP growth is envisaged to inch up from 3.9% in 2017 to 4.0% in 2018, driven by higher investment spending. The Philippines' GDP growth is anticipated to be sustained at 6.7% in 2018 compared to a similar growth rate in 2017 on the back of resilient domestic demand.

On the domestic front, Malaysia's GDP growth is estimated 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 spending.

As at end-May 2018, the local stock market was trading at a prospective P/E ratio of 15.8x, which was below its 10-year average of 16.5x. The market's dividend yield was 3.52%.

Valuation of regional markets in South-East Asia was generally mixed relative to their historical averages following their respective performances over the same period.

Manager's Report

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 portfolio of investments in ASEAN markets.

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, PASGF 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 period under review.

Extracts Of Financial Statements

The following pages are extracts of the audited financial statements of the Fund for the financial period from 26 October 2017 to 31 May 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 May 2018

	MYR'000
Assets	
Investments	59,712
Due from brokers/financial institutions, net	441
Due from the Manager, net	164
Other receivables	162
Deposits with financial institutions	2,014
Cash at banks	1,283
	63,776
Liabilities	
Due to brokers/financial institutions, net	251
Due to the Trustee	4
Other payables	27
	282
Total net assets	63,494
Net asset value ("NAV") attributable to unitholders (Total equity)	63,494
Units in circulation (in '000)	261,158
NAV per unit (in sen)	24.31

Extracts Of Financial Statements (cont'd)

Statement of Income and Expenditure

For the Financial Period from 26 October 2017 to 31 May 2018

	MYR'000
Income	
Interest income	116
Distribution income	7
Dividend income	1,149
Net loss from investments	(2,203)
Net realised/unrealised foreign exchange loss	(214)
	(1,145)
Less: Expenses	
Trustee's fee	19
Management fee	488
Audit fee	3
Tax agent's fee	2
Brokerage fee	310
Administrative fees and expenses	56
	878
Net loss before taxation	(2,023)
Taxation	(52)
Net loss after taxation	(2,075)
Net loss after taxation is made up as follows:	
Realised	(206)
Unrealised	(1,869)
	(2,075)

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value

For the Financial Period from 26 October 2017 to 31 May 2018

	Unitholders' capital MYR'000	Accumulated loss MYR'000	Total MYR'000
As at 26 October 2017	-	-	-
Creation of units	66,525	-	66,525
Cancellation of units	(956)	-	(956)
Net loss after taxation	-	(2,075)	(2,075)
As at 31 May 2018	65,569	(2,075)	63,494

Extracts Of Financial Statements (cont'd)

Statement of Cash Flows

For the Financial Period from 26 October 2017 to 31 May 2018

	MYR'000
Cash flows from operating activities	
Proceeds from sale of investments	12,828
Purchase of investments	(75,191)
Maturity of deposits	889,624
Placement of deposits	(891,638)
Interest income received	116
Net distribution income received	6
Net dividend income received	937
Trustee's fee paid	(15)
Management fee paid	(396)
Payment of other fees and expenses	(33)
Net cash outflow from operating activities	(63,762)
Cash flows from financing activities	
Cash proceeds from units created	66,269
Cash paid on units cancelled	(956)
Net cash inflow from financing activities	65,313
Net increase in cash and cash equivalents	1,551
Effect of changes in foreign exchange rates	(268)
Cash and cash equivalents at the end of the financial period	1,283