Fund Information

Fund Name

Public Far-East Property & Resorts Fund (PFEPRF)

Fund Category

Equity

Fund Investment Objective

Seeks to achieve capital growth over the medium to long term period by investing in companies that are principally engaged in property investment and development, hotel and resorts development and investment and real estate investment trusts (REITs) in domestic and regional markets. The Fund may also invest in companies which have significant* property or real estate assets.

* *Companies which have at least 70% of their assets comprised of property or real estate assets.*

Fund Performance Benchmark

The benchmark of the Fund is a customised benchmark by S&P Dow Jones Indices, LLC based on the constituents within the real estate sector of S&P BMI Asia Pacific Index which is customised to the following weights i.e. 20% Japan, 20% Australia, 20% Malaysia and the balance of the 40% for the rest of the countries within the index universe currently including China 'H' Shares, Hong Kong, Indonesia, New Zealand, Philippines, Singapore, Taiwan, South Korea and Thailand. The real estate sector is as defined by the then-current Global Industry Classification Standard (GICS).

The customised benchmark index for PFEPRF (the "Index") is the exclusive property of S&P Opco, LLC, a subsidiary of S&P Dow Jones Indices LLC ("SPDJI") and/or its affiliates. Public Mutual Berhad has contracted with SPDJI to calculate and maintain the Index. All rights reserved. Redistribution, reproduction and/or photocopying in whole or in part are prohibited without written permission of SPDJI. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither SPDJI, its affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent, nor shall they have any liability for any errors, omissions, or interruptions of any index or the data included therein. For more information on any of SPDJI's or its affiliate's indices or its custom calculation services, please visit www.spdji.com.

Fund Distribution Policy

Annual

Breakdown of Unitholdings of PFEPRF as at 31 July 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	999	5.19	3
5,001 to 10,000	3,080	16.00	20
10,001 to 50,000	8,991	46.70	214
50,001 to 500,000	6,054	31.45	669
500,001 and above	127	0.66	118
Total	**19,251**	**100.00**	**1,024**

Note: Excluding Manager's Stock.

Average Total Return for the Following Years Ended 31 July 2018

	Average Total Return of PFEPRF (%)
1 Year	-3.71
3 Years	4.76
5 Years	4.49

Annual Total Return for the Financial Years Ended 31 July

Year	2018	2017	2016	2015	2014
PFEPRF (%)	-3.71	12.31	5.70	4.29	2.71

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:

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

Other Performance Data for the Past Three Financial Years Ended 31 July

	2018	2017	2016
Unit Prices (MYR)*			
Highest NAV per unit for the year	0.3098	0.3190	0.2963
Lowest NAV per unit for the year	0.2814	0.2808	0.2636
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Year			
Total NAV (MYR'000)	284,372	318,486	304,646
UIC (in '000)	1,023,578	1,047,648	1,072,949
NAV per unit (MYR)	0.2778	0.3040	0.2839
Total Return for the Year (%)	**-3.71**	**12.31**	**5.70**
Capital growth (%)	-5.42	10.40	4.38
Income (%)	1.81	1.73	1.26
Management Expense Ratio (%)	**1.79**	**1.79**	**1.80**
Portfolio Turnover Ratio (time)	**0.25**	**0.25**	**0.31**

* 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.

Distribution and Unit Split

Financial year	**2018**	**2017**	**2016**
Date of distribution	**31.7.18**	**31.7.17**	**29.7.16**
Distribution per unit			
Gross (sen)	1.50	1.50	1.00
Net (sen)	1.50	1.50	1.00
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	29.28	31.90	29.39
Less: Net distribution per unit	(1.50)	(1.50)	(1.00)
Net asset value after distribution	27.78	30.40	28.39

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 July (Percent of NAV)		
	2018 %	**2017 %**	**2016 %**
EQUITY SECURITIES			
Quoted			
Malaysia			
Ordinary Shares			
Real Estate	7.2	7.1	4.7
Agriculture / Real Estate	2.2	2.2	2.5
Investment Companies / Real Estate	0.2	1.1	0.2
Lodging	0.9	1.0	0.7
	10.5	11.4	8.1
Preference Shares			
Real Estate	1.3	-	-
Outside Malaysia			
Australia			
Real Estate	1.6	-	-
Engineering & Construction / Real Estate	2.7	2.3	1.7
Lodging	-	2.3	2.2
	4.3	4.6	3.9

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

	As at 31 July (Percent of NAV)		
	2018 %	**2017 %**	**2016 %**
Hong Kong			
Real Estate	23.4	18.8	15.5
Commercial Services / Real Estate	-	1.4	1.2
Holding Companies - Diversified / Real Estate	-	1.6	1.3
Investment Companies / Real Estate	-	2.0	1.0
Lodging	1.9	1.6	2.7
	25.3	25.4	21.7
Indonesia			
Real Estate	0.9	1.6	2.0
Agriculture / Real Estate	-	-	0.8
	0.9	1.6	2.8
Japan			
Real Estate	11.6	11.8	7.6
Entertainment / Lodging (Resorts)	-	-	1.2
Home Builders	3.5	3.2	-
Transportation	-	1.6	1.5
	15.1	16.6	10.3
Philippines			
Real Estate	2.2	2.2	2.8
Singapore			
Real Estate	3.4	0.9	-
Lodging	1.6	-	-
	5.0	0.9	-
Thailand			
Real Estate	1.0	0.9	-
Home Builders	-	-	0.7
	1.0	0.9	0.7
TOTAL QUOTED EQUITY SECURITIES	**65.6**	**63.6**	**50.3**
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
REITS	7.1	6.8	7.0
Outside Malaysia			
Australia			
REITS	11.9	12.0	11.6
Real Estate	2.8	3.2	5.0
	14.7	15.2	16.6

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

	As at 31 July (Percent of NAV)		
	2018 %	**2017 %**	**2016 %**
Hong Kong			
REITS	4.8	3.2	2.0
Japan			
REITS	1.0	0.9	3.9
Singapore			
REITS	0.6	5.5	7.4
Real Estate	-	0.7	0.8
	0.6	6.2	8.2
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	**28.2**	**32.3**	**37.7**
WARRANTS			
Quoted			
Malaysia			
Warrants	0.5	0.9	0.8
TOTAL QUOTED WARRANTS	**0.5**	**0.9**	**0.8**
FIXED INCOME SECURITIES			
Quoted			
Outside Malaysia			
Indonesia			
Sovereign Bonds	4.4	4.6	4.7
TOTAL QUOTED FIXED INCOME SECURITIES	**4.4**	**4.6**	**4.7**
DEPOSITS WITH FINANCIAL INSTITUTIONS	**3.6**	**2.8**	**3.7**
OTHER ASSETS & LIABILITIES	**-2.3**	**-4.2**	**2.8**

Statement Of Distribution Of Returns

For the Financial Year Ended 31 July 2018

	Sen Per Unit
Gross Distribution	1.5000
Net Distribution	1.5000
Total Returns	-1.1200

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

	Before Distribution	After Distribution
NAV per unit (MYR)	0.2928	0.2778

Manager's Report

Overview

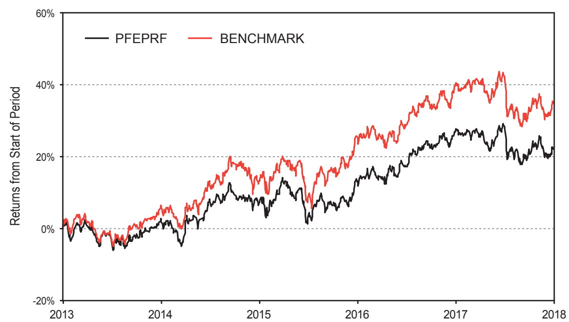
This Annual Report covers the financial year from 1 August 2017 to 31 July 2018.

Public Far-East Property & Resorts Fund (PFEPRF or the Fund) seeks to achieve capital growth over the medium to long term period by investing in companies that are principally engaged in property investment and development, hotel and resorts development and investment and real estate investment trusts (REITs) in domestic and regional markets. The Fund may also invest in companies which have significant property or real estate assets.

For the financial year under review, PFEPRF registered a return of -3.71% as compared to its Benchmark's return of -3.29%. The Fund's equity portfolio registered a return of -1.63% while its bond and money market portfolios registered returns of -8.44% and +3.15% respectively during the financial year under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 31 July 2018, the Fund registered a total cumulative return of +22.44% as compared to its Benchmark's return of +35.26% over the same period. The Fund's Benchmark was lifted by the rise in prices of lower liner property stocks listed on regional markets, which the Fund does not focus on. Nevertheless, it is the opinion of the Manager that the Fund has met its objective of achieving capital growth over the said period.

Performance of PFEPRF from 31 July 2013 to 31 July 2018



The Benchmark of the Fund is a customised index by S&P Dow Jones Indices, LLC based on constituents within the real estate sector of the Standard & Poor's BMI Asia Pacific Index which is customised to the following weights, i.e. 20% Japan, 20% Australia, 20% Malaysia and the balance of 40% for the rest of the countries within the index universe currently including China 'H' Shares, Hong Kong, Indonesia, New Zealand, the Philippines, Singapore, Taiwan, South Korea and Thailand. The real estate sector is defined by the then-current Global Industry Classification Standard (GICS).

Income Distribution and Impact on NAV Arising from Distribution

The gross distribution of 1.50 sen per unit (net distribution of 1.50 sen per unit) for the financial year ended 31 July 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 RM0.2778 from RM0.2928 after distribution.

Effect of Distribution Reinvestment on Portfolio Exposures

	31-Jul-18	
	Before Distribution Reinvestment*	After Distribution Reinvestment*
Equities & Related Securities	94.3%	89.5%
Bonds & Other Fixed Income Securities	4.4%	4.2%
Money Market	1.3%	6.3%

** Assumes full reinvestment.*

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

	31-Jul-17	31-Jul-18	Change	Average Exposure
Equities & Related Securities	92.2%	89.5%	-2.7%	90.10%
Bonds & Other Fixed Income Securities	4.4%	4.2%	-0.2%	4.48%
Money Market	3.4%	6.3%	+2.9%	5.42%

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	-1.63%	-3.29%	Benchmark	90.10%	-1.47%
Bonds & Other Fixed Income Securities	-8.44%	n.a.	-	4.48%	-0.38%
Money Market	3.15%	3.08%	Overnight Rate	5.42%	0.17%
less: Expenses					-2.03%
Total Net Return for the Year					-3.71%

Overnight Rate = Bank Negara Weighted Average Overnight Interbank Rate

Manager's Report

Equity Portfolio Review

For the financial year under review, the Fund's equity portfolio registered a return of -1.63% as compared to the Benchmark's return of -3.29%. The Fund's equity portfolio outperformed the Benchmark as its selected investments in the Australia, Malaysia and Japan markets outperformed the broader markets during the financial year under review.

The Fund commenced the financial year under review with an equity exposure of 92.2% and the Fund maintained an equity weight of above 85% throughout the financial year under review to capitalise on investment opportunities in the domestic and regional equity markets. The Fund ended the financial year under review with an equity exposure of 89.5%. Based on an average equity exposure of 90.10%, the Fund's equity portfolio is deemed to have registered a return of -1.47% to the Fund as a whole for the financial year 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 19.4% of the NAV of the Fund. Other than Malaysia, the top 5 countries accounted for 73.0% of the NAV of the Fund and 77.4% of the Fund's equity portfolio. The weightings of the top 5 countries excluding Malaysia are in the following order: Hong Kong (30.1%), Australia (19.0%), Japan (16.1%), Singapore (5.6%) and the Philippines (2.2%).

Bonds and Other Fixed Income Securities Portfolio Review

For the financial year under review, the Fund's bond portfolio, which comprises an Indonesian government bond, registered a return of -8.44%. The return of the Fund's bond portfolio was impacted by the depreciation in the Rupiah against the Ringgit over the financial year under review.

During the financial year under review, the Fund's bond exposure decreased from 4.4% to 4.2%. Based on an average exposure of 4.48%, the bond portfolio is estimated to have contributed -0.38% to the Fund's overall return for the financial year under review. For a full review of the bond market, please refer to the following sections of this 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 +3.15%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +3.08% over the same period.

During the financial year under review, the Fund's exposure to money market investments increased from 3.4% to 6.3% following the disposal of selected equity investments. Based on an average exposure of 5.42%, the money market portfolio is estimated to have contributed +0.17% to the Fund's overall return for the financial year under review.

Public Far-East Property & Resorts Fund

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 616.67 points. The Index moved higher for the remainder of 2017, driven by improving liquidity conditions in China, a rosier economic outlook, robust corporate earnings as well as the strengthening of regional currencies against the U.S. Dollar (USD).

The MSCI FExJ Index started 2018 on a strong note but subsequently retreated from February to June 2018, weighed by concerns over the prospect of faster-than-expected interest rate hikes in the U.S. as well as trade tensions between the U.S. and China. The MSCI FExJ Index closed at 633.65 points to register a gain of 2.75% (-2.44% in Ringgit terms) for the financial year under review.

Regional markets, namely the Thailand, Japan, Malaysia, Hong Kong, Australia, Singapore, Indonesia and Philippines markets, registered returns of +2.54%, +1.51%, +1.38%, -1.15%, -2.94%, -5.62%, -10.84% and -13.68% (in Ringgit terms) respectively for the financial year under review.

MSCI AC Far-East Ex-Japan Index
(31 July 2017 - 31 July 2018)

The real estate sector of the S&P BMI Asia Pacific Index, which measures the returns of property stocks and REITs listed on the regional markets, registered a gain of 1.86% (-3.29% in Ringgit terms) for the financial year under review.

Despite the ongoing property-tightening measures, Hong Kong property stocks delivered decent performances during the review period as house prices climbed to record highs in July 2018, supported by ample liquidity in the system and the strong holding power of house owners.

The Chinese government has implemented a series of tightening measures in a number of cities since 2016 to prevent excessive property price surges. However, China's property stocks were supported by the resilient contracted sales of property developers as well as buying interest from mainland Chinese investors through southbound flows of the Stock Connect programs.

In Japan, the residential property sector's supply and demand situation in major cities remained tight, driven by relocation demand from redevelopment projects and the demolition of old buildings. Meanwhile, office demand remained firm due to slower-than-expected supply. As for the retail property sector, the decline in consumer sentiment was mitigated by stabilising demand for hotel accommodation as tourist arrivals continued to increase.

Given the rising inflation outlook as well as the higher interest rate environment in the U.S., Australian REITs have been facing selling pressure. Nonetheless, Australian REITs will remain a key investment vehicle as they own quality assets which generate sustainable rental income with decent annual rental growth over the long term.

The prospects of the Malaysian property market remain challenging amid affordability issues and rising inventories. The supply-demand imbalance in the property market has increased since 2015, with the number of unsold units at a decade-high. Due to oversupply concerns, most property companies are slowing their launches and lowering their sales targets while focusing on the low- to mid-range property segment to accommodate demand from the mass market.

In other South-East Asian countries such as Indonesia and Thailand, the rising middle-income class and ongoing implementation of infrastructure projects have continued to support property demand in these markets. Meanwhile, just as the Singapore property market began showing signs of a bottoming-out with quarterly home sales and prices growing on a sequential basis, the government re-introduced new tightening measures in early July 2018 to keep home prices in check.

Bond Market and Money Market Review

The Indonesian bond market started the financial year under review on a firm note after Bank Indonesia cut its benchmark policy rate twice from 4.75% to 4.25% in the third quarter of 2017. While the market corrected briefly in October 2017 in tandem with higher U.S. Treasury (UST) yield and stronger USD, the market subsequently rebounded in November 2017 through January 2018 as Fitch Ratings upgraded Indonesia's sovereign credit rating from BBB- to BBB with a stable outlook on the back of strong economic outlook.

However, the market succumbed to selling pressure in February 2018 through July 2018 as UST yields rose and USD strengthened amid the prospect of stronger economic growth outlook and higher inflation expectations in the U.S.

For the financial year under review, the Indonesian bond yields have increased with the yields of 3-year and 10-year Indonesian government bonds rising by 64 basis points (bps) and 82 bps respectively to 7.38% and 7.77%. Over the same period, the Rupiah depreciated by 8.2% from Rp13,325 to Rp14,420 against the USD.

In Malaysia, the Overnight Rate commenced the financial year under review at 2.99% and ended the financial year under review higher at 3.24%.

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 manufacturing activities moderated from 6.0% in 2017 to 5.3% in 1Q 2018. Meanwhile, growth in the services sector rose from 6.2% to 6.5% over the same period.

Malaysia's export growth softened to 6.9% in the first five months of 2018 compared to 18.9% for the whole of 2017 due mainly to slower exports of electrical and electronic products. Import growth decelerated to 1.3% from 19.9% over the same period on the back of lower imports of capital and intermediate goods. Malaysia's cumulative trade surplus widened to RM54.5 billion in the first five months of 2018 compared to RM33.0 billion in the corresponding period of the prior year. Due to capital inflows, Malaysia's foreign reserves increased to US$104.7 billion as at end-June 2018 compared to US$98.9 billion a year ago.

Malaysia's inflation rate slowed to 1.6% in 1H 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 bps from 3.00% to 3.25% on the back of resilient economic growth. Loans growth climbed to 5.0% in 1H 2018 from 4.1% in 2017 due to higher demand from the household sector.

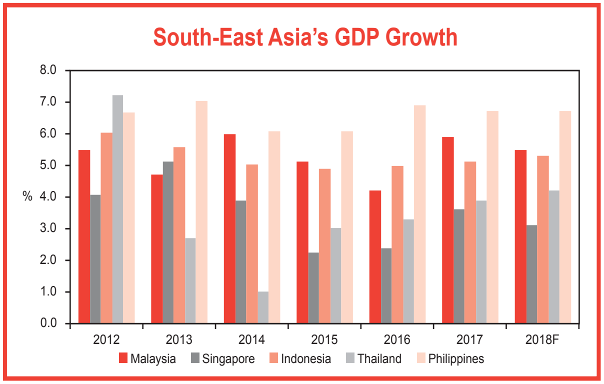
The Ministry of Finance (MOF) announced a new Sales and Services Tax (SST) effective 1 September 2018. The sales tax is set at two rates of 5% and 10% for selected manufactured and imported products while the services tax is fixed at 6% for selected services. The MOF projects the SST to bring in revenues amounting to RM4.0 billion for 4Q 2018.

In South-East Asia, Singapore's GDP growth strengthened from 3.6% in 2017 to 4.1% in 1H 2018, helped by robust services activities. Singapore's inflation rate edged down to 0.3% in 1H 2018 from 0.6% in 2017 amid moderating transportation costs.

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 1H 2018 from 3.8% in 2017 due to moderating housing and transportation costs. To stabilise the Rupiah and stem capital outflows, Bank Indonesia raised its benchmark interest rate by 100 bps to 5.25% in the May-June period.

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 inched up to 1.0% in 1H 2018 from 0.7% in 2017 amid higher housing costs and food prices. In order to support the economic growth of Thailand, the Bank of Thailand maintained its policy interest rate at 1.50%.

The Philippines' GDP growth edged up from 6.7% in 2017 to 6.8% in 1Q 2018 due to higher investment and government spending. Higher food prices and housing costs caused the inflation rate to rise to 4.9% in 1H 2018 from 3.2% in 2017.

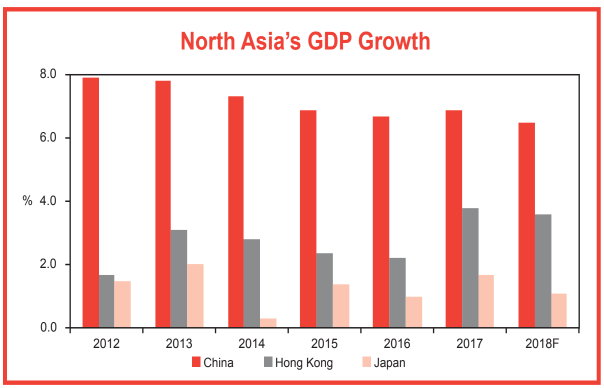


Source: Bloomberg

In North Asia, China's GDP growth inched down from 6.9% in 2017 to 6.8% in 1H 2018 following a moderation in the services sector. The services sector's growth eased from 8.0% in 2017 to 7.6% in 1H 2018 amid softer growth in financial activities and trade. Driven by higher food prices, China's inflation rate climbed to 2.0% in 1H 2018 from 1.6% in 2017. 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 3.8% in 2017 to 4.7% in 1Q 2018 due to higher consumer and investment spending. The inflation rate firmed to 2.3% in 1H 2018 from 1.5% in 2017 on the back of higher food prices and housing costs. To curb elevated residential property prices, Hong Kong's government introduced additional tightening measures in June 2018.

Japan's GDP growth moderated from 1.7% in 2017 to 1.1% in 1Q 2018 amid slower consumer spending and export growth. Driven by higher food prices and transportation costs, the inflation rate increased to 1.0% in 1H 2018 from 0.5% in 2017. To support economic growth, the Bank of Japan retained its interest rate at -0.1%.



Source: Bloomberg

Manager's Report

Down under, Australia's GDP growth gained pace from 2.2% in 2017 to 3.1% in 1Q 2018 on the back of higher consumer and government spending. To support domestic demand, the Reserve Bank of Australia (RBA) maintained its cash rate at 1.50%. Australia's inflation rate edged up to 2.0% in 1H 2018 from 1.9% in 2017 amid higher housing and transportation costs.

Led by higher investment spending and export growth, U.S. GDP growth rose from 2.2% in 2017 to 2.7% in 1H 2018. Investment spending increased from 4.8% in 2017 to 5.4% in 1H 2018 due to higher non-residential investment. Likewise, export growth expanded from 3.0% to 5.0% over the same period. At the Federal Open Market Committee (FOMC) meeting on 12-13 June 2018, the Federal Reserve raised the Federal funds rate target range by 25 bps from 1.50%-1.75% to 1.75%-2.00%.

Eurozone GDP growth inched down from 2.5% in 2017 to 2.3% in 1H 2018 amid slower economic growth in France. At its monetary policy meeting on 26 July 2018, the European Central Bank (ECB) kept its main refinancing and deposit rates at 0.00% and -0.40% respectively. The ECB will continue its quantitative easing program at a monthly pace of €30 billion until end-September 2018. Thereafter, the monthly pace of bond-buying will be reduced to €15 billion until the end of the program in end-December 2018, subject to the medium-term inflation outlook.

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 that 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 1H 2018 on concerns over the prospect of higher U.S. interest rates and the U.S. government's proposed protectionist measures. Fund outflows from emerging markets to developed markets were seen in 2Q 2018 on the back of weaker local currencies. However, selected equity markets closed the month of July on a positive note as foreign selling subsided. 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 strengthen from 2.2% in 2017 to 2.9% 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 a moderation in consumer and investment spending.

Down under, Australia's economic growth is expected to rise from 2.2% in 2017 to 2.8% in 2018 due to higher consumer spending. The financial and insurance services sector should maintain its current growth trajectory as low interest rates continue to underpin housing demand.

In North Asia, China's GDP growth is estimated to moderate from 6.9% in 2017 to 6.5% in 2018, led by slower export growth amid the ongoing trade tensions. Meanwhile, China's inflation rate is projected to increase from 1.6% in 2017 to 2.1% in 2018.

Hong Kong's GDP growth is expected to slow from 3.8% in 2017 to 3.6% in 2018 on the back of moderating export growth. Going forward, the Hong Kong government is anticipated to maintain its tightening stance on the residential property market. However, 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 ease from 1.7% in 2017 to 1.1% in 2018 amid slower consumer spending and export growth.

In South-East Asia, Singapore's GDP growth is estimated to ease from 3.6% in 2017 to 3.1% in 2018 on expectations of softening domestic demand. 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 increase from 3.9% in 2017 to 4.2% in 2018, driven by higher consumer and 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 5.5% in 2018 amid moderating export growth. However, domestic demand is projected to be supported by sustained consumer spending.

As at end-July 2018, the local stock market was trading at a prospective P/E ratio of 17.1x, which was above its 10-year average of 16.5x. The market's dividend yield was 3.18%.

Valuations of regional markets in North-East and South-East Asia were generally mixed relative to their historical averages following their respective performances over the same period.

Property Market Outlook and Investment Strategy

Over the past few years, the low interest rate environment has led to sustained demand for properties in the Far-East region. Consequently, several countries have imposed tightening measures on the property sector to contain asset inflationary pressures and restrain increases in household debt. In addition to raising the down-payment requirements for residential home buyers, local authorities in several regional countries also imposed higher stamp duties to curb short-term speculative demand and increased the land supply for residential development to stabilise residential property prices.

Over the medium to long term, demand for residential properties remains supported by the high savings rate, ample liquidity, demographic changes and resilient economic growth in the Far-East region. Property markets in the region are also supported by rising urbanisation as well as demand for better living standards among the middle-income group.

Public Far-East Property & Resorts Fund

At the end of the review period, the Fund held investments in Japan, where the country's monetary policy remains accommodative. Apart from Japan, the Fund also invested in property stocks listed in Australia, China, Indonesia, Hong Kong, Malaysia, Singapore, Thailand and the Philippines.

The Fund will continue to review and rebalance its portfolio of investments accordingly with the objective of achieving capital growth over the medium to long term period by investing in companies that are principally engaged in property investment and development, hotel and resorts development and investment and REITs in domestic and regional markets. The Fund may also invest in companies which have significant property or real estate assets.

Notes: Q = Quarter
H = Half

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, PFEPRF 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 31 July 2018

	2018 MYR'000	2017 MYR'000
Assets		
Investments	280,656	322,838
Due from brokers/financial institutions, net	-	623
Tax recoverable	334	334
Other receivables	1,470	760
Deposits with financial institutions	10,220	9,101
Cash at banks	8,095	1,851
	300,775	335,507
Liabilities		
Due to brokers/financial institutions, net	154	977
Due to the Manager, net	842	247
Due to the Trustee	15	18
Other payables	38	64
Distribution payable	15,354	15,715
	16,403	17,021
Total net assets	284,372	318,486
Net asset value ("NAV") attributable to unitholders (Total equity)	284,372	318,486
Units in circulation (in '000)	1,023,578	1,047,648
NAV per unit, ex-distribution (in sen)	27.78	30.40

Statement Of Income And Expenditure

For the Financial Year Ended 31 July 2018

	2018 MYR'000	2017 MYR'000
Income		
Interest income	1,393	1,528
Distribution income	4,610	5,563
Dividend income	5,642	5,236
Net (loss)/gain from investments	(16,393)	31,724
Amortisation of premium, net of accretion of discount	(107)	(110)
Net realised/unrealised foreign exchange (loss)/gain	(124)	626
	(4,979)	44,567
Less: Expenses		
Trustee's fee	197	203
Management fee	5,574	5,752
Audit fee	7	7
Tax agent's fee	3	3
Brokerage fee	495	491
Administrative fees and expenses	77	104
	6,353	6,560
Net (loss)/income before taxation	(11,332)	38,007
Taxation	(668)	(701)
Net (loss)/income after taxation	(12,000)	37,306
Net (loss)/income after taxation is made up as follows:		
Realised	18,327	17,237
Unrealised	(30,327)	20,069
	(12,000)	37,306
Final distribution for the financial year	15,354	15,715

Statement Of Changes In Net Asset Value

For the Financial Year Ended 31 July 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 August 2016	253,312	51,334	304,646
Creation of units	17,144	-	17,144
Cancellation of units	(24,895)	-	(24,895)
Net income after taxation	-	37,306	37,306
Distribution	-	(15,715)	(15,715)
As at 31 July 2017	245,561	72,925	318,486
As at 1 August 2017	245,561	72,925	318,486
Creation of units	19,268	-	19,268
Cancellation of units	(26,028)	-	(26,028)
Net loss after taxation	-	(12,000)	(12,000)
Distribution	-	(15,354)	(15,354)
As at 31 July 2018	238,801	45,571	284,372

Statement Of Cash Flows

For the Financial Year Ended 31 July 2018

	2018 MYR'000	2017 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	86,235	80,090
Purchase of investments	(68,127)	(82,586)
Subscription of rights	-	(655)
Capital repayment received	6,978	-
Maturity of deposits	2,310,649	2,641,529
Placement of deposits	(2,311,768)	(2,639,325)
Interest income received	1,259	1,422
Net distribution income received	4,017	4,798
Net dividend income received	4,912	5,341
Trustee's fee paid	(200)	(202)
Management fee paid	(5,649)	(5,721)
Audit fee paid	(7)	(7)
Tax agent's fee paid	(3)	(3)
Taxation paid	-	(2)
Payment of other fees and expenses	(101)	(106)
Net cash inflow from operating activities	28,195	4,573
Cash flows from financing activities		
Cash proceeds from units created	19,979	16,434
Cash paid on units cancelled	(26,069)	(24,913)
Distribution paid	(15,715)	(10,729)
Net cash outflow from financing activities	(21,805)	(19,208)
Net increase/(decrease) in cash and cash equivalents	6,390	(14,635)
Effect of changes in foreign exchange rates	(146)	253
Cash and cash equivalents at the beginning of the financial year	1,851	16,233
Cash and cash equivalents at the end of the financial year	8,095	1,851