

Fund Information

Fund Name

Public Advantage Growth Equity Fund (PAVGEF)

Fund Category

Equity

Fund Investment Objective

To achieve capital growth over the medium to long-term period by investing in a diversified portfolio of stocks.

Fund Performance Benchmark

The benchmark of the Fund is the FTSE Bursa Malaysia KLCI (FBM KLCI).

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Fund Distribution Policy

Incidental

Breakdown of Unitholdings of PAVGEF as at 31 March 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	162	11.91	1
5,001 to 10,000	160	11.77	1
10,001 to 50,000	678	49.85	18
50,001 to 500,000	343	25.22	41
500,001 and above	17	1.25	16
Total	1,360	100.00	77

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Year Ended 31 March 2018

	Average Total Return of PAVGEF (%)
1 Year	4.48

Fund Performance

For the Financial Period Ended 31 March 2018

Annual Total Return for the Following Years Ended 30 September

Year	2017	2016
PAVGEF (%)	11.66	3.92*

* The figure shown is for period since Fund commencement (28 September 2015).

The calculation of the above returns is based on computation methods of Lipper.

Notes:

- Total return** of the Fund is derived by this formulae:

$$\left(\frac{\text{End of Period FY}_{\text{Current Year}} \text{ NAV per unit}}{\text{End of Period FY}_{\text{Previous Year}} \text{ NAV per unit}} \right) - 1$$

(Adjusted for unit split and distribution paid out for the period)

The above total return of the Fund was sourced from Lipper.

- Average total return is derived by this formulae:

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

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

Other Performance Data for the Past Three Financial Periods Ended 31 March

	2018	2017	2016
Unit Prices (MYR)			
Highest NAV per unit for the period	0.3052	0.2807	0.2641
Lowest NAV per unit for the period	0.2850	0.2553	0.2492
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	22,015	16,645	14,390
UIC (in '000)	76,680	59,540	56,723
NAV per unit (MYR)	0.2871	0.2796	0.2537
Total Return for the Period (%)			
Capital growth (%)	0.35	7.08	1.24
Income (%)	0.35	0.50	0.24
Management Expense Ratio (%)			
	1.70	1.81	2.10
Portfolio Turnover Ratio (time)			
	0.10	0.17	0.58

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.

The Management Expense Ratio for the financial period 2018 dropped to 1.70% from 1.81% in the previous financial period mainly due to higher Fund's average net asset value.

Portfolio Turnover Ratio is calculated by taking the average of the total acquisitions and disposals of the investments in the Fund for the period over the average net asset value of the Fund calculated on a daily basis.

The Portfolio Turnover Ratio for the financial period 2018 dropped to 0.10 time from 0.17 time in the previous financial period on account of lower level of rebalancing activities performed by the Fund during the period.

Fund Performance

For the Financial Period Ended 31 March 2018

Asset Allocation for the Past Three Financial Periods

	As at 31 March (Percent of NAV)		
	2018 %	2017 %	2016 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Basic Materials	5.1	0.8	-
Communications	6.9	9.4	3.9
Consumer, Cyclical	3.2	4.6	-
Consumer, Non-cyclical	24.9	22.8	12.8
Diversified	4.6	7.0	2.7
Energy	1.8	1.7	2.0
Financial	15.6	5.1	5.0
Industrial	16.8	19.1	11.8
Technology	4.5	1.0	3.2
Utilities	4.9	8.5	9.8
	88.3	80.0	51.2
Outside Malaysia			
Hong Kong			
Financial	-	-	3.0
Industrial	1.4	1.5	1.4
	1.4	1.5	4.4
Indonesia			
Financial	1.2	1.3	-
Singapore			
Consumer, Non-cyclical	2.1	3.5	1.9
Industrial	1.7	1.7	-
	3.8	5.2	1.9
Taiwan			
Consumer, Non-cyclical	-	-	0.7
Technology	-	-	0.6
	-	-	1.3
TOTAL QUOTED EQUITY SECURITIES	94.7	88.0	58.8
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
Financial	1.3	1.5	1.0
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	1.3	1.5	1.0
DEPOSITS WITH FINANCIAL INSTITUTIONS	3.9	7.1	38.1
OTHER ASSETS & LIABILITIES	0.1	3.4	2.1

Manager's Report

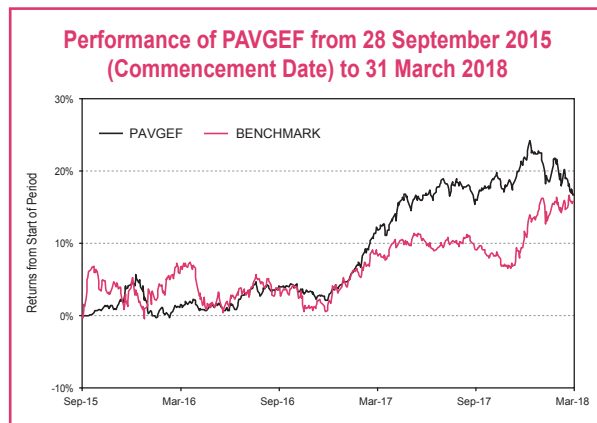
Overview

This Interim Report covers the financial period from 1 October 2017 to 31 March 2018.

Public Advantage Growth Equity Fund (PAVGEF or the Fund) seeks to achieve capital growth over the medium to long-term period by investing in a diversified portfolio of stocks.

For the financial period under review, the Fund registered a return of +0.70% as compared to its Benchmark's return of +6.14%. The Fund's equity portfolio registered a return of +1.67% while its money market portfolio registered a return of +1.59% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

From its commencement on 28 September 2015 (being the last day of the initial offer period) to 31 March 2018, the Fund registered a return of +16.85% and outperformed its Benchmark's return of +15.86% over the same period.



The Benchmark of the Fund is the FTSE Bursa Malaysia KLCI (FBM KLCI) which comprises the 30 largest companies by full market capitalisation listed on the Bursa Malaysia Main Market.

Effect of Distribution Reinvestment on Portfolio Exposures

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

Change in Portfolio Exposures from 30-Sep-17 to 31-Mar-18

	30-Sep-17	31-Mar-18	Change	Average Exposure
Equities & Related Securities	83.5%	96.0%	+12.5%	90.42%
Money Market	16.5%	4.0%	-12.5%	9.58%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	1.67%	6.14%	FBM KLCI Overnight Rate	90.42%	1.51%
Money Market	1.59%	1.50%		9.58%	0.15%
less: Expenses					-0.96%
Total Net Return for the Period					0.70%

FBM KLCI = FTSE Bursa Malaysia Kuala Lumpur Composite 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 +1.67% as compared to the equity Benchmark's return of +6.14%. The Fund's equity portfolio generated a positive return which was lower than the equity Benchmark as its holdings of selected export-oriented stocks within the Consumer and Diversified sectors were impacted by the Ringgit's strength during the financial period under review.

The Fund commenced the financial period under review with an equity exposure of 83.5% and its equity exposure was progressively increased over the financial period under review to capitalise on investment opportunities in the domestic and regional markets. The Fund ended the financial period under review with an equity exposure of 96.0%. Based on an average equity exposure of 90.42%, the Fund's equity portfolio is deemed to have registered a return of +1.51% 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.

Sector Allocation

In terms of sector allocation within the equity portfolio, the top 5 sectors accounted for 70.6% of the Net Asset Value (NAV) of the Fund and 73.5% of the Fund's equity portfolio. The weightings of the top 5 sectors in Malaysia (unless otherwise indicated) are in the following order: Consumer, Non-cyclical (24.9%), Financial (16.9%), Industrial (16.8%), Communications (6.9%) and Basic Materials (5.1%).

Money Market Portfolio Review

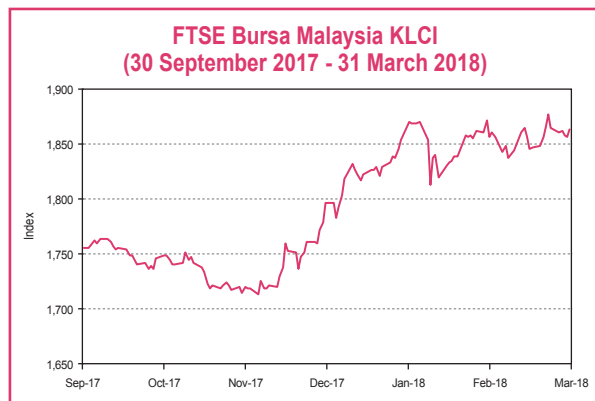
During the financial period under review, the Fund's money market portfolio, which was invested primarily in deposits, yielded a return of +1.59%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.50% over the same period.

Manager's Report

During the financial period under review, the Fund's exposure to money market investments declined from 16.5% to 4.0% as funds were mobilised into equity investments. Based on an average exposure of 9.58%, the money market portfolio is estimated to have contributed +0.15% to the Fund's overall return for the financial period under review.

Stock Market Review

Commencing the financial period under review at 1,755.58 points, the FBM KLCI retraced in October and November 2017 as market sentiment was dampened by a lack of fresh catalysts and a selldown 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 FBM KLCI subsequently rebounded in March 2018 amid buying interest in selected blue chips to close at 1,863.46 points, registering a gain of 6.14% for the financial period under 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 period under review at 625.20 points. The Index moved higher in 4Q 2017, driven by improving liquidity conditions in China, an improving global economic outlook, robust corporate earnings as well as the strengthening of regional currencies against the U.S. Dollar.

The MSCI FExJ Index started 2018 on a strong note before retreating in February and March 2018, weighed by concerns over the prospect of faster-than-expected interest rate hikes in the U.S. as well as rising trade tensions between the U.S. and China. The MSCI FExJ Index closed at 681.18 points to register a gain of 8.95% (-0.19% in Ringgit terms) for the financial period under review.

Regional markets, namely the Singapore, Hong Kong and Indonesia markets registered returns of +0.99%, -0.43% and -6.01% (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 2.90% and ended the financial period under review higher at 3.25%.

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 accelerated to 18.9% in 2017 from 1.2% in 2016 due mainly to higher exports of electrical and electronic products. Import growth surged to 19.9% from 1.9% over the same period. Malaysia's cumulative trade surplus widened to RM97.2 billion in 2017 from RM88.1 billion in 2016. Due to capital inflows, Malaysia's foreign reserves increased to US\$103.7 billion as at end-February 2018 compared to US\$95.0 billion a year ago.

Malaysia's inflation rate slowed to 2.0% in the first two months of 2018 from 3.7% in 2017 on the back of moderating food 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% amid resilient economic growth. Loans growth edged up to 4.5% in the first two months of 2018 from 4.1% in 2017 due to higher demand from the household sector.

On the regional front, Singapore's GDP growth expanded from 2.4% in 2016 to 3.6% in 2017, helped by robust growth in the services sector. Meanwhile, Indonesia's economic growth inched higher from 5.0% in 2016 to 5.1% in 2017 on the back of resilient domestic demand.

In North Asia, China's GDP growth expanded from 6.7% in 2016 to 6.9% in 2017, driven by firmer growth in the services sector. Hong Kong's GDP growth gained pace from 2.1% in 2016 to 3.8% in 2017 due to higher consumer spending and export growth.

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 3.3% in 2017 compared to a contraction of 1.6% in 2016 due to higher investment in equipment. Likewise, exports expanded by 3.4% compared to a decline of 0.3% 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 2.3% in 2017 on the back of higher export growth. At its monetary policy meeting on 8 March 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.

Manager's Report

Outlook and Investment Strategy

Global and regional equity markets traded on a positive note in January but retraced in February on concerns over the prospect of faster-than-anticipated interest rate hikes in the U.S. Global and regional equity markets declined further in March due to 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 inch higher from 2.3% in 2017 to 2.4% in 2018 on expectations of firmer export growth.

In North Asia, China's GDP growth is estimated to moderate from 6.9% in 2017 to 6.5% in 2018 as China continues to transform from a manufacturing-driven and export-led economy to one underpinned by services and domestic consumption. Meanwhile, China's inflation rate is projected to increase from 1.6% in 2017 to 2.3% in 2018.

Hong Kong's GDP growth is expected to ease from 3.8% in 2017 to 3.0% in 2018 amid moderating export growth. Going forward, the Hong Kong government is anticipated to maintain its tightening stance on the residential property market. However, ample liquidity, demand for better living standards and resilient economic growth should lend support to Hong Kong's property market over the long term.

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.

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 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-March 2018, the local stock market was trading at a prospective P/E ratio of 16.6x, which was above its 10-year average of 16.5x. The market's dividend yield was 3.28%.

Manager's Report

Among the regional markets, South-East Asian markets were generally trading at premiums while selected North Asian markets were generally trading at discounts to their historical averages following their respective performances over the same period.

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 diversified portfolio of stocks.

Cross-Trade Transactions

Cross-trade transactions were undertaken by PAVGEF during portfolio rebalancing activities over the financial period under review. The transactions, which have been reviewed by the Investment Committee, were deemed to be in the best interest of the Fund and transacted through a dealer on an arm's length and fair value basis.

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

Extracts Of Financial Statements

The following pages are extracts of the audited financial statements of the Fund for the financial period ended 31 March 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 March 2018

	31.3.2018 MYR'000	30.9.2017 MYR'000
Assets		
Investments	21,131	18,754
Due from the Manager, net	-	11
Other receivables	44	28
Deposits with financial institutions	851	3,216
Cash at banks	83	573
	22,109	22,582
Liabilities		
Due to brokers/financial institutions, net	-	78
Due to the Manager, net	58	-
Due to the Trustee	4	9
Other payables	32	29
Distribution payable	-	387
	94	503
Total net assets	22,015	22,079
Net asset value ("NAV") attributable to unitholders (Total equity)	22,015	22,079
Units in circulation (in '000)	76,680	77,443
NAV per unit (in sen)	28.71	28.51

Extracts Of Financial Statements (cont'd)

Statement of Income and Expenditure

For the Financial Period Ended 31 March 2018

	1.10.2017 to 31.3.2018 MYR'000	1.10.2016 to 31.3.2017 MYR'000
Income		
Interest income	28	43
Dividend income	251	188
Net gain from investments	95	1,023
Net realised/unrealised foreign exchange (loss)/gain	(25)	57
	349	1,311
Less: Expenses		
Trustee's fee	10	10
Management fee	177	121
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	15	20
Administrative fees and expenses	9	11
	215	166
Net income before taxation	134	1,145
Taxation	(1)	(1)
Net income after taxation	133	1,144
Net income after taxation is made up as follows:		
Realised	322	10
Unrealised	(189)	1,134
	133	1,144

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value

For the Financial Period Ended 31 March 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 October 2016	14,885	479	15,364
Creation of units	1,676	-	1,676
Cancellation of units	(1,539)	-	(1,539)
Net income after taxation	-	1,144	1,144
As at 31 March 2017	15,022	1,623	16,645
As at 1 October 2017	20,178	1,901	22,079
Creation of units	3,028	-	3,028
Cancellation of units	(3,225)	-	(3,225)
Net income after taxation	-	133	133
As at 31 March 2018	19,981	2,034	22,015

Extracts Of Financial Statements (cont'd)

Statement of Cash Flows

For the Financial Period Ended 31 March 2018

	1.10.2017 to 31.3.2018 MYR'000	1.10.2016 to 31.3.2017 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	1,043	1,057
Purchase of investments	(3,418)	(4,161)
Maturity of deposits	225,267	288,072
Placement of deposits	(222,902)	(284,971)
Interest income received	28	43
Net dividend income received	234	193
Trustee's fee paid	(15)	(17)
Management fee paid	(176)	(119)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(5)	(9)
Net cash inflow from operating activities	52	84
Cash flows from financing activities		
Cash proceeds from units created	3,073	1,557
Cash paid on units cancelled	(3,202)	(1,536)
Distribution paid	(387)	-
Net cash (outflow)/inflow from financing activities	(516)	21
Net (decrease)/increase in cash and cash equivalents	(464)	105
Effect of changes in foreign exchange rates	(26)	59
Cash and cash equivalents at the beginning of the financial period	573	464
Cash and cash equivalents at the end of the financial period	83	628