Fund Information

Fund Name

Public Singapore Equity Fund (PSGEF)

Fund Category

Equity

Fund Investment Objective

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

Fund Performance Benchmark

The benchmark of the Fund is the MSCI Singapore Index.

Source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

Fund Distribution Policy

Incidental

Breakdown of Unitholdings of PSGEF as at 31 March 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	1,521	9.09	6
5,001 to 10,000	1,942	11.61	15
10,001 to 50,000	8,359	49.96	231
50,001 to 500,000	4,740	28.33	573
500,001 and above	169	1.01	179
Total	**16,731**	**100.00**	**1,004**

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 31 March 2018

	Average Total Return of PSGEF (%)
1 Year	0.05
3 Years	4.96
5 Years	5.78

Fund Performance

For the Financial Period Ended 31 March 2018

Annual Total Return for the Financial Years Ended 30 September

Year	2017	2016	2015	2014	2013
PSGEF (%)	13.38	4.75	6.30	2.00	7.60

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

Notes:

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

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

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

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

2. Average total return is derived by this formulae:

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

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

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

	2018	2017	2016
Unit Prices (MYR)			
Highest NAV per unit for the period	0.3192	0.3123	0.2925
Lowest NAV per unit for the period	0.2928	0.2656	0.2452
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	297,571	283,948	226,403
UIC (in '000)	1,004,377	913,195	866,952
NAV per unit (MYR)	0.2963	0.3109	0.2611
Total Return for the Period (%)	**0.14**	**13.49**	**-4.54**
Capital growth (%)	0.21	13.74	-4.40
Income (%)	-0.07	-0.22	-0.15
Management Expense Ratio (%)	**1.70**	**1.71**	**1.72**
Portfolio Turnover Ratio (time)	**0.22**	**0.29**	**0.19**

Notes: Management Expense Ratio is calculated by taking the total management expenses expressed as an annual percentage of the Fund's average net asset value.

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

The Portfolio Turnover Ratio for the financial period 2018 dropped to 0.22 time from 0.29 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 as 31 March (Percent of NAV)	2018 %	2017 %	2016 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Financial	5.6	-	-
Outside Malaysia			
Hong Kong			
Financial	8.9	-	-
Singapore			
Communications	9.1	7.6	11.5
Consumer, Cyclical	10.2	7.3	8.3
Consumer, Non-cyclical	2.9	11.6	11.4
Diversified	8.1	11.2	9.6
Financial	40.5	40.8	40.5
Industrial	5.4	6.1	4.5
	76.2	84.6	85.8
United States			
Communications	0.4	1.7	0.9
TOTAL QUOTED EQUITY SECURITIES	**91.1**	**86.3**	**86.7**
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Outside Malaysia			
Singapore			
Financial	4.1	6.2	1.6
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	**4.1**	**6.2**	**1.6**
DEPOSITS WITH FINANCIAL INSTITUTIONS	**4.9**	**7.0**	**6.7**
OTHER ASSETS & LIABILITIES	**-0.1**	**0.5**	**5.0**

Overview

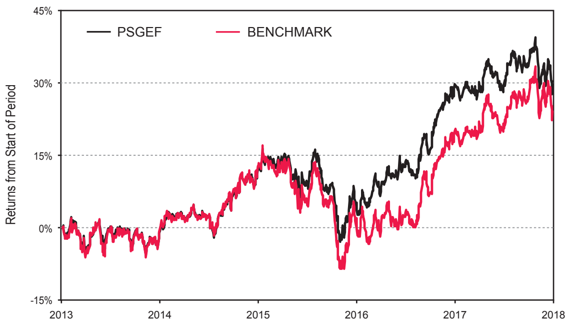
This Interim Report covers the financial period from 1 October 2017 to 31 March 2018.

Public Singapore Equity Fund (PSGEF or the Fund) aims to achieve capital growth over the medium to long-term period by investing in a portfolio of investments primarily in the Singapore market.

For the financial period under review, the Fund registered a return of +0.14% as compared to its Benchmark's return of +2.92%. The Fund's equity portfolio registered a return of +1.14% while its money market portfolio registered a return of +1.56% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 31 March 2018, the Fund registered a return of +28.91% and outperformed the Benchmark's return of +23.98% over the same period.

Performance of PSGEF from 31 March 2013 to 31 March 2018



Prior to 30 April 2016, the Fund's Benchmark was the Straits Times Index (FSSTI).

Effective from 30 April 2016, the Fund's Benchmark has been replaced with the MSCI Singapore Index.

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	93.1%	95.2%	+2.1%	90.90%
Money Market	6.9%	4.8%	-2.1%	9.10%

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	1.14%	2.92%	MXSG	90.90%	1.04%
Money Market	1.56%	1.50%	Overnight Rate	9.10%	0.14%
less: Expenses					-1.04%
Total Net Return for the Period					0.14%

MXSG = MSCI Singapore 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 +1.14% as compared to the Benchmark's return of +2.92%. The Fund's equity portfolio registered a positive return which was lower than the Benchmark's return as the Benchmark was lifted by selected stocks in the Financial sector during the financial period under review.

The Fund commenced the financial period under review with an equity exposure of 93.1% and its equity weight was gradually reduced to below 85% in February 2018 to weather the consolidation phase in the Singapore market. The Fund subsequently increased its equity weight and ended the financial period under review with an equity exposure of 95.2%. Based on an average equity exposure of 90.90%, the equity portfolio is deemed to have registered a return of +1.04% 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 80.9% of the Net Asset Value (NAV) of the Fund and 85.0% of the Fund's equity portfolio. The weightings of the top 5 sectors in Singapore (unless otherwise indicated) are in the following order: Financial (44.6%), Consumer, Cyclical (10.2%), Communications (9.1%), Financial, Hong Kong (8.9%) and Diversified (8.1%).

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 +1.56%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.50% over the same period.

During the financial period under review, the Fund's exposure to money market investments decreased from 6.9% to 4.8% as funds were mobilised into equity investments. Based on an average exposure of 9.10%, the money market portfolio is estimated to have contributed +0.14% to the Fund's overall return for the financial period under review.

Stock Market Review

Commencing the financial period under review at 3,219.91 points, the Singapore Straits Times Index (FSSTI) consolidated in September 2017 before trending up from October 2017 to early 2018 to reach an 18-year high of 3,609.24 points on 24 January 2018, as higher U.S. bond yields boosted the banking stocks in Singapore. However, the Index succumbed to profit-taking activities in late January 2018, weighed by concerns over the prospect of faster-than-expected interest rate hikes and higher inflationary pressures in the U.S. The FSSTI subsequently traded range-bound from mid-February to March 2018 to close at 3,427.97 points, registering a gain of 6.46% (+0.99% in Ringgit terms) for the financial period under review.

Straits Times Index (30 September 2017 - 31 March 2018)

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 Malaysia and Hong Kong markets registered returns of +6.14% and -0.43% (in Ringgit terms) respectively for the financial period under review.

The U.S. equity market, as proxied by the Standard & Poor's (S&P) 500 Index, commenced the financial period under review at 2,519.36 points. The Index extended its rally in 4Q 2017 as the U.S. tax reform bill was approved by Congress and subsequently signed into law by President Trump in December 2017. Optimism over the impact of the new tax legislation as well as upward corporate earnings revisions bolstered the S&P 500 Index to a record high of 2,872.87 points on 26 January 2018.

However, the Index corrected sharply in February 2018 on concerns over inflationary pressures and the prospect of faster-than-expected interest rate hikes in the U.S. The Index slid further in March 2018 amid escalating trade tensions between the U.S. and China. The S&P 500 Index closed at 2,640.87 points to register a gain of 4.82% (-3.98% in Ringgit terms) for the financial period under review.

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

Singapore's GDP growth expanded from 2.4% in 2016 to 3.6% in 2017, helped by robust growth in the services sector. Singapore's inflation rate moderated to 0.2% in the first two months of 2018 from 0.6% in 2017 amid easing transportation costs.

Singapore's export growth moderated to 4.2% in the first two months of 2018 from 10.3% in 2017 on the back of lower exports of electronic products. Likewise, import growth slowed to 4.8% in the first two months of 2018 from 12.1% in 2017. The cumulative trade surplus narrowed to S$9.9 billion for the first two months of 2018 from S$10.0 billion in the prior year.

Bank lending in Singapore increased by 8.5% in the first two months of 2018 after registering a growth of 8.0% in 2017. The overall loan-to-deposit ratio rose to 106.1% in February 2018 from 104.1% as at end-2017 as demand for loans increased at a faster pace than deposit growth over the period. Nevertheless, the banking sector remained well-capitalised with an average core equity tier-1 ratio of 13.9% in 4Q 2017.

In the property sector, private residential property prices rose by 1.0% in 2017, the first annual increase since 2013, after the government eased selected property measures in March 2017. For 1Q 2018, overall private residential property prices gained 3.1% on a sequential basis. All segments, including prime, non-prime and landed property prices, continued to see positive growth.

On the currency front, the Singapore Dollar firmed by 3.6% to close at S$1.3100 against the U.S. Dollar for the financial period under review.

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. The services sector's growth increased from 7.8% in 2016 to 8.0% in 2017 as wholesale and retail trade picked up. China's inflation rate climbed to 2.2% in the first two months of 2018 from 1.6% in 2017 amid higher food prices. 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 2.1% in 2016 to 3.8% in 2017 due to higher consumer spending and export growth. The inflation rate firmed to 2.4% in the first two months of 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 May 2017.

On the domestic front, Malaysia's GDP growth strengthened from 4.2% in 2016 to 5.9% in 2017 amid 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 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.

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.

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.

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.

Singapore's GDP growth is estimated to ease from 3.6% in 2017 to 3.0% in 2018 on expectations of moderating export growth. However, Singapore's economy is well-positioned to benefit from a recovery in the global economy, given its strong linkages to international trade and finance activities. The relative stability of the Singapore Dollar compared to regional currencies would also underpin demand for Singapore's financial assets. Singapore's inflation rate is projected to increase from 0.6% in 2017 to 1.0% in 2018.

In the property space, the Singapore government remains committed to launching new supplies of residential units under its Government Land Sales (GLS) tender program to provide affordable housing over the long run. The modest easing of property measures in March 2017 is in line with the government's policy to attract only genuine buyers. Although property prices have registered sequential growth for the past three quarters, the pace of price appreciation has been modest. As such, the existing measures should continue to rein in the appreciation of residential property prices.

As at end-March 2018, the Singapore market was trading at a prospective P/E ratio of 13.7x, which was below its 10-year average of 14.1x. The Singapore stock market offered a gross dividend yield of about 3.7%.

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.

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 primarily in the Singapore market.

Note: Q = Quarter

Policy on Soft Commissions

The management company may receive goods or services which include research materials, data and quotation services and investment related publications by way of soft commissions provided they are of demonstrable benefit to the Fund and unitholders.

During the financial period under review, PSGEF 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 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	283,387	276,336
Due from the Manager, net	-	59
Other receivables	127	145
Deposits with financial institutions	14,456	12,581
Cash at banks	134	7,685
	298,104	296,806
Liabilities		
Due to the Manager, net	449	-
Due to the Trustee	16	15
Other payables	68	71
Distribution payable	-	14,329
	533	14,415
Total net assets	297,571	282,391
Net asset value ("NAV") attributable to unitholders (Total equity)	297,571	282,391
Units in circulation (in '000)	1,004,377	955,243
NAV per unit (in sen)	29.63	29.56

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	288	192
Dividend income	2,340	1,481
Net gain from investments	1,719	31,925
Net realised/unrealised foreign exchange (loss)/gain	(637)	1,247
	3,710	34,845
Less: Expenses		
Trustee's fee	98	79
Management fee	2,608	2,090
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	436	460
Administrative fees and expenses	62	72
	3,208	2,705
Net income before taxation	502	32,140
Taxation	(89)	(37)
Net income after taxation	413	32,103
Net income after taxation is made up as follows:		
Realised	2,421	6,993
Unrealised	(2,008)	25,110
	413	32,103

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	204,033	19,129	223,162
Creation of units	35,654	-	35,654
Cancellation of units	(6,971)	-	(6,971)
Net income after taxation	-	32,103	32,103
As at 31 March 2017	232,716	51,232	283,948
As at 1 October 2017	245,832	36,559	282,391
Creation of units	24,048	-	24,048
Cancellation of units	(9,281)	-	(9,281)
Net income after taxation	-	413	413
As at 31 March 2018	260,599	36,972	297,571

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	66,407	57,329
Purchase of investments	(72,211)	(79,355)
Maturity of deposits	2,289,455	1,542,603
Placement of deposits	(2,291,330)	(1,554,063)
Interest income received	288	191
Net dividend income received	2,244	1,414
Trustee's fee paid	(97)	(76)
Management fee paid	(2,586)	(2,013)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(62)	(69)
Net cash outflow from operating activities	(7,896)	(34,043)
Cash flows from financing activities		
Cash proceeds from units created	24,697	34,823
Cash paid on units cancelled	(9,444)	(7,430)
Distribution paid	(14,329)	(10,180)
Net cash inflow from financing activities	924	17,213
Net decrease in cash and cash equivalents	(6,972)	(16,830)
Effect of changes in foreign exchange rates	(579)	1,216
Cash and cash equivalents at the beginning of the financial period	7,685	19,541
Cash and cash equivalents at the end of the financial period	134	3,927