

Fund Information

Fund Name

Public South-East Asia Select Fund (PSEASF)

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 South-East Asia 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 PSEASF as at 30 April 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	1,568	3.80	5
5,001 to 10,000	5,621	13.63	39
10,001 to 50,000	20,545	49.83	511
50,001 to 500,000	13,242	32.11	1,498
500,001 and above	259	0.63	212
Total	41,235	100.00	2,265

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 30 April 2018

	Average Total Return of PSEASF (%)
1 Year	11.76
3 Years	8.32
5 Years	6.50

Fund Performance

For the Financial Period Ended 30 April 2018

Annual Total Return for the Financial Years Ended 31 October

Year	2017	2016	2015	2014	2013
PSEASF (%)	16.66	1.28	6.37	7.62	7.56

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 30 April

	2018	2017	2016
Unit Prices (MYR)			
Highest NAV per unit for the period	0.3085	0.2968	0.2921
Lowest NAV per unit for the period	0.2886	0.2597	0.2581
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	695,348	468,976	358,779
UIC (in '000)	2,268,882	1,600,523	1,325,537
NAV per unit (MYR)	0.3065	0.2930	0.2707
Total Return for the Period (%)	4.92	9.52	-6.30
Capital growth (%)	4.57	9.26	-6.58
Income (%)	0.33	0.24	0.30
Management Expense Ratio (%)	1.70	1.72	1.72
Portfolio Turnover Ratio (time)	0.20	0.49	0.39

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 0.20 time from 0.49 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 30 April 2018

Asset Allocation for the Past Three Financial Periods

	As at 30 April (Percent of NAV)		
	2018 %	2017 %	2016 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Basic Materials	1.2	1.2	-
Communications	0.9	3.8	1.7
Consumer, Non-cyclical	0.9	0.9	0.1
Diversified	-	2.1	-
Financial	13.5	12.0	8.6
Industrial	-	-	3.2
Utilities	4.0	3.2	7.1
	20.5	23.2	20.7
Outside Malaysia			
Indonesia			
Communications	3.2	3.9	5.9
Consumer, Cyclical	2.6	3.7	4.8
Consumer, Non-cyclical	1.4	0.1	5.9
Financial	7.1	9.6	6.7
Industrial	-	0.2	2.0
	14.3	17.5	25.3
Philippines			
Consumer, Cyclical	2.0	1.9	-
Financial	3.6	2.3	6.5
	5.6	4.2	6.5
Singapore			
Communications	3.9	5.2	5.8
Consumer, Cyclical	0.5	1.0	-
Consumer, Non-cyclical	1.0	1.5	0.5
Diversified	-	-	1.4
Financial	24.4	20.6	14.3
Industrial	-	-	4.5
	29.8	28.3	26.5
Thailand			
Communications	1.5	1.6	1.7
Consumer, Cyclical	3.0	2.6	-
Consumer, Non-cyclical	1.5	-	1.0
Diversified	2.4	3.3	1.0
Energy	8.6	5.5	-
Financial	5.4	6.0	3.6
Industrial	2.4	1.4	5.8
	24.8	20.4	13.1
TOTAL QUOTED EQUITY SECURITIES	95.0	93.6	92.1

Fund Performance

For the Financial Period Ended 30 April 2018

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

	As at 30 April (Percent of NAV)		
	2018 %	2017 %	2016 %
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Outside Malaysia			
Singapore			
Financial	-	0.4	2.6
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	-	0.4	2.6
COLLECTIVE INVESTMENT SCHEMES			
Unquoted			
Funds	0.7	-	-
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEMES	0.7	-	-
DEPOSITS WITH FINANCIAL INSTITUTIONS	4.5	4.0	3.1
OTHER ASSETS & LIABILITIES	-0.2	2.0	2.2

Manager's Report

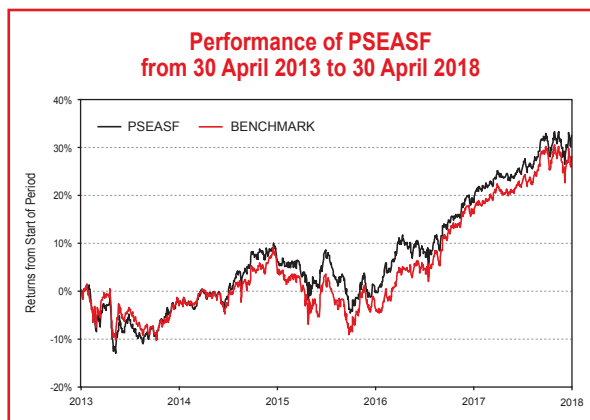
Overview

This Interim Report covers the financial period from 1 November 2017 to 30 April 2018.

Public South-East Asia Select Fund (PSEASF or the Fund) aims to achieve capital growth over the medium to long-term period by investing in a portfolio of investments in South-East Asia markets.

For the financial period under review, the Fund registered a return of +4.92% as compared to its Benchmark's return of +3.85%. The Fund's equity portfolio registered a return of +6.12% while its money market portfolio registered a return of +1.58% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 30 April 2018, the Fund registered a total cumulative return of +32.51% and outperformed its Benchmark's return of +28.11% over the same period.



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 30 April 2018.

Change in Portfolio Exposures from 31-Oct-17 to 30-Apr-18

	31-Oct-17	30-Apr-18	Change	Average Exposure
Equities & Related				
Securities	96.3%	95.7%	-0.6%	96.15%
Money Market	3.7%	4.3%	+0.6%	3.85%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	6.12%	3.85%	Benchmark Overnight	96.15%	5.89%
Money Market	1.58%	1.51%	Rate	3.85%	0.06%
less: Expenses					-1.03%
Total Net Return for the Period					4.92%

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 +6.12% and outperformed the equity Benchmark's return of +3.85%. The Fund's equity portfolio outperformed the equity Benchmark as its selected holdings within the Financial and Energy sectors outperformed the broad market during the financial period under review.

The Fund commenced the financial period under review with an equity exposure of 96.3% and its equity exposure was maintained at above 90% over the financial period under review to capitalise on investment opportunities in the domestic and South-East Asian markets. The Fund ended the financial period under review with an equity exposure of 95.7%. Based on an average equity exposure of 96.15%, the Fund's equity portfolio is deemed to have registered a return of +5.89% 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 20.5% of the Net Asset Value (NAV) of the Fund. Other than Malaysia, the remaining 5 countries accounted for 75.2% of the NAV of the Fund and 78.6% of the Fund's equity portfolio. The weightings of the 5 countries excluding Malaysia are in the following order: Singapore (29.8%), Thailand (24.8%), Indonesia (14.3%), the Philippines (5.6%) and Vietnam (0.7%).

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 +1.58%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.51% over the same period.

Manager's Report

During the financial period under review, the Fund's exposure to money market investments increased from 3.7% to 4.3% following the disposal of selected equity investments. Based on an average exposure of 3.85%, the money market portfolio is estimated to have contributed +0.06% to the Fund's overall return for the financial period under review.

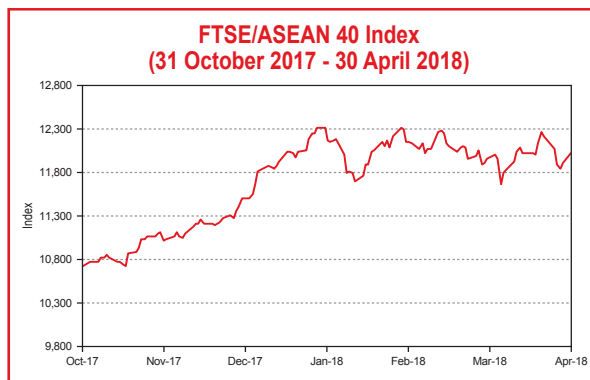
Stock Market Review

Commencing the financial period under review at 1,747.92 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 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 Index subsequently rebounded to close at an all-time high of 1,895.18 points on 19 April 2018 amid net foreign inflows. The FBM KLCI closed at 1,870.37 points to register a gain of 7.01% for the financial period under review.

Starting the financial period under review at 10,724.55 points, South-East Asian equity markets, as proxied by the FTSE/ASEAN 40 Index, rose in November and December 2017 as consumer and financial stocks strengthened. The rising interest rate environment led to elevated volatility in the equity markets in early 2018, with the Index correcting in February 2018 on the back of declines in the interest rate-sensitive sectors such as real estate investment trusts, utilities and telecommunications.

The FTSE/ASEAN 40 Index further eased in March 2018 before paring its losses in April 2018 as financial and energy stocks rose. The FTSE/ASEAN 40 Index closed at 12,017.18 points to register an increase of 12.05% (+3.85% in Ringgit terms) for the financial period under review.

Regional markets, namely the Singapore, Thailand, Indonesia and Philippines markets registered returns of +2.14%, +0.88%, -9.82% and -13.66% (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 2.92% and ended the financial period under review higher at 3.17%.

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 moderated to 7.8% in the first two months of 2018 from 18.9% in 2017 due mainly to slower exports of electrical and electronic products. Import growth eased to 4.6% from 19.9% over the same period on the back of lower imports of intermediate goods. Malaysia's cumulative trade surplus widened to RM18.7 billion in the first two months of 2018 compared to RM13.5 billion in the corresponding period of the prior year. Due to capital inflows, Malaysia's foreign reserves increased to US\$107.8 billion as at end-March 2018 compared to US\$95.4 billion a year ago.

Malaysia's inflation rate slowed to 1.8% in 1Q 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 edged up to 4.4% in 1Q 2018 from 4.1% in 2017 due to higher demand from the household sector.

On the regional front, Singapore's GDP growth expanded from 3.6% in 2017 to 4.3% in 1Q 2018, helped by robust growth in the manufacturing and services sectors. Singapore's inflation rate edged down to 0.2% in 1Q 2018 from 0.6% in 2017 amid moderating transportation costs.

Indonesia's economic growth inched higher from 5.0% in 2016 to 5.1% in 2017 on the back of resilient domestic demand. The inflation rate eased to 3.3% in 1Q 2018 from 3.8% in 2017 due to moderating housing and transportation costs. To support domestic economic activities, Bank Indonesia (BI) reduced its benchmark interest rate by 50 bps to 4.25% during the August-September 2017 period.

Led by resilient consumer spending and higher export growth, Thailand's GDP growth increased from 3.3% in 2016 to 3.9% in 2017. The inflation rate edged down to 0.6% in 1Q 2018 from 0.7% in 2017 due to moderating transportation costs. The Bank of Thailand maintained its policy interest rate at 1.50% to support economic growth.

The Philippines' GDP growth eased from 6.9% in 2016 to 6.7% in 2017 amid slower domestic demand. The inflation rate climbed to 3.8% in 1Q 2018 from 2.9% in 2017 on the back of higher food prices.

Led by higher investment spending and export growth, U.S. GDP growth rose from 2.3% in 2017 to 2.9% 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 4.3% 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%.

Manager's Report

Eurozone GDP growth gained pace from 1.8% in 2016 to 2.5% in 2017 on the back of higher export growth. 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 traded on a mixed note in the first 4 months of 2018 on concerns over the prospect of higher U.S. interest rates and 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 ease from 2.5% in 2017 to 2.3% in 2018 on expectations of a moderation in consumer spending and investment.

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 projected 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 and investment spending.

As at end-April 2018, the local stock market was trading at a prospective P/E ratio of 16.7x, which was above its 10-year average of 16.5x. The market's dividend yield was 3.29%.

Among the regional markets, South-East Asian markets were trading at premiums 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 South-East Asia 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, PSEASF 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 30 April 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 30 April 2018

	30.4.2018 MYR'000	31.10.2017 MYR'000
Assets		
Investments	665,541	572,632
Due from the Manager, net	-	3,071
Other receivables	2,253	798
Deposits with financial institutions	31,401	18,423
Cash at banks	6,197	66
	705,392	594,990
Liabilities		
Due to brokers/financial institutions, net	9,798	376
Due to the Manager, net	128	-
Due to the Trustee	35	31
Other payables	83	113
Distribution payable	-	38,098
	10,044	38,618
Total net assets	695,348	556,372
Net asset value ("NAV") attributable to unitholders (Total equity)	695,348	556,372
Units in circulation (in '000)	2,268,882	1,904,898
NAV per unit (in sen)	30.65	29.21

Extracts Of Financial Statements (cont'd)

Statement of Income and Expenditure

For the Financial Period Ended 30 April 2018

	1.11.2017 to 30.4.2018 MYR'000	1.11.2016 to 30.4.2017 MYR'000
Income		
Interest income	302	236
Distribution income	-	40
Dividend income	7,908	4,801
Net gain from investments	29,897	37,897
Net realised/unrealised foreign exchange loss	(578)	(82)
	37,529	42,892
Less: Expenses		
Trustee's fee	202	132
Management fee	5,354	3,508
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	880	1,434
Administrative fees and expenses	149	129
	6,589	5,207
Net income before taxation	30,940	37,685
Taxation	(276)	(252)
Net income after taxation	30,664	37,433
Net income after taxation is made up as follows:		
Realised	6,773	599
Unrealised	23,891	36,834
	30,664	37,433

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value

For the Financial Period Ended 30 April 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 November 2016	296,015	47,396	343,411
Creation of units	88,333	-	88,333
Cancellation of units	(201)	-	(201)
Net income after taxation	-	37,433	37,433
As at 30 April 2017	384,147	84,829	468,976
As at 1 November 2017	476,541	79,831	556,372
Creation of units	110,000	-	110,000
Cancellation of units	(1,688)	-	(1,688)
Net income after taxation	-	30,664	30,664
As at 30 April 2018	584,853	110,495	695,348

Extracts Of Financial Statements (cont'd)

Statement of Cash Flows

For the Financial Period Ended 30 April 2018

	1.11.2017 to 30.4.2018 MYR'000	1.11.2016 to 30.4.2017 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	92,802	195,828
Purchase of investments	(147,292)	(234,823)
Subscription of rights	-	(2,394)
Maturity of deposits	2,362,854	1,911,456
Placement of deposits	(2,375,832)	(1,916,576)
Interest income received	301	233
Net distribution income received	-	47
Net dividend income received	6,176	2,539
Trustee's fee paid	(198)	(128)
Management fee paid	(5,260)	(3,408)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(172)	(142)
Net cash outflow from operating activities	(66,625)	(47,372)
Cash flows from financing activities		
Cash proceeds from units created	113,105	85,667
Cash paid on units cancelled	(1,688)	(533)
Distribution paid	(38,098)	(32,082)
Net cash inflow from financing activities	73,319	53,052
Net increase in cash and cash equivalents	6,694	5,680
Effect of changes in foreign exchange rates	(563)	6
Cash and cash equivalents at the beginning of the financial period	66	1,555
Cash and cash equivalents at the end of the financial period	6,197	7,241