

Fund Information

Fund Name

Public Far-East Dividend Fund (PFEDF)

Fund Category

Equity

Fund Investment Objective

To provide income by investing in a portfolio of stocks in domestic and regional markets which offer or have the potential to offer attractive dividend yields*.

* Stocks which offer attractive dividend yields refer to stocks with consistency in rewarding shareholders via dividend payouts.

Fund Performance Benchmark

The benchmarks of the Fund and their respective percentages are 90% MSCI AC Far-East Ex-Japan High Dividend Yield Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

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Fund Distribution Policy

Annual

Breakdown of Unitholdings of PFEDF as at 31 May 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	1,552	8.23	6
5,001 to 10,000	2,865	15.20	20
10,001 to 50,000	9,555	50.69	235
50,001 to 500,000	4,804	25.49	494
500,001 and above	74	0.39	75
Total	18,850	100.00	830

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 31 May 2018

	Average Total Return of PFEDF (%)
1 Year	4.18
3 Years	6.00
5 Years	11.61

Fund Performance

For the Financial Period Ended 31 May 2018

Annual Total Return for the Financial Years Ended 30 November

Year	2017	2016	2015	2014	2013
PFEDF (%)	11.51	8.86	13.00	9.79	7.87

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 May

	2018	2017	2016
Unit Prices (MYR)			
Highest NAV per unit for the period	0.3221	0.3047	0.2672
Lowest NAV per unit for the period	0.2994	0.2736	0.2370
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	255,304	261,573	253,817
UIC (in '000)	829,683	864,519	986,751
NAV per unit (MYR)	0.3077	0.3026	0.2572
Total Return for the Period (%)			
Capital growth (%)	-0.02	7.15	-2.73
Income (%)	0.19	0.07	0.23
Management Expense Ratio (%)			
	1.70	1.70	1.71
Portfolio Turnover Ratio (time)			
	0.16	0.22	0.49

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 0.16 time from 0.22 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 May 2018

Asset Allocation for the Past Three Financial Periods

	As at 31 May (Percent of NAV)		
	2018 %	2017 %	2016 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Consumer, Cyclical	-	1.6	2.0
Financial	2.4	1.2	1.8
	2.4	2.8	3.8
Outside Malaysia			
Australia			
Communications	-	-	2.8
Consumer, Non-cyclical	-	-	0.6
	-	-	3.4
Hong Kong			
Communications	5.3	4.7	4.3
Consumer, Cyclical	-	-	2.1
Diversified	0.9	1.2	1.8
Energy	-	-	5.6
Financial	25.9	25.5	19.0
	32.1	31.4	32.8
Indonesia			
Communications	1.3	1.1	3.4
Korea			
Communications	0.6	-	-
Consumer, Cyclical	0.6	-	1.9
Consumer, Non-cyclical	-	1.4	-
	1.2	1.4	1.9
Singapore			
Communications	2.4	3.4	3.7
Financial	12.1	10.0	7.8
Industrial	1.3	2.0	1.2
	15.8	15.4	12.7
Taiwan			
Basic Materials	1.3	-	-
Communications	3.3	3.5	3.5
Consumer, Cyclical	-	0.4	0.8
Consumer, Non-cyclical	1.0	1.1	2.7
Financial	5.3	4.1	1.5
Industrial	5.6	7.7	3.5
Technology	7.2	8.7	7.7
	23.7	25.5	19.7

Fund Performance

For the Financial Period Ended 31 May 2018

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

	As at 31 May (Percent of NAV)		
	2018 %	2017 %	2016 %
Thailand			
Communications	-	0.6	2.1
Energy	0.8	-	-
Financial	0.4	-	-
Industrial	1.9	1.6	2.0
	3.1	2.2	4.1
TOTAL QUOTED EQUITY SECURITIES	79.6	79.8	81.8
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
Financial	2.3	2.4	2.9
Outside Malaysia			
Hong Kong			
Communications	2.4	4.3	4.3
Financial	1.3	1.2	-
	3.7	5.5	4.3
Singapore			
Financial	-	-	1.1
Thailand			
Industrial	1.7	1.5	-
	7.7	9.4	8.3
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	7.7	9.4	8.3
DEPOSITS WITH FINANCIAL INSTITUTIONS	3.7	5.1	5.6
OTHER ASSETS & LIABILITIES	9.0	5.7	4.3

Manager's Report

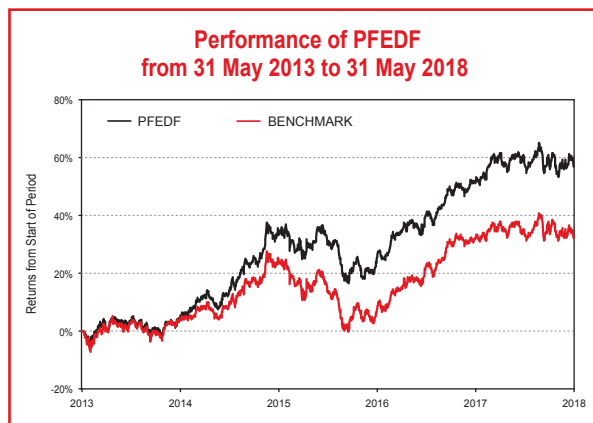
Overview

This Interim Report covers the financial period from 1 December 2017 to 31 May 2018.

Public Far-East Dividend Fund (PFEDF or the Fund) seeks to provide income by investing in a portfolio of stocks in the domestic and regional markets which offer or have the potential to offer attractive dividend yields.

For the financial period under review, the Fund registered a return of +0.17% and outperformed its Benchmark's return of -0.01%. The Fund's equity portfolio registered a return of +1.13% while its money market portfolio registered a return of +1.60% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

For the five financial years ended 31 May 2018, the Fund registered a total cumulative return of +58.08% and outperformed its Benchmark's return of +33.22% over the same period.



The Fund's Benchmark is a composite index of 90% MSCI AC Far-East Ex-Japan High Dividend Yield Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

Effect of Distribution Reinvestment on Portfolio Exposures

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

Change in Portfolio Exposures from 30-Nov-17 to 31-May-18

	30-Nov-17	31-May-18	Change	Average Exposure
Equities & Related Securities	86.2%	87.3%	+1.1%	85.37%
Money Market	13.8%	12.7%	-1.1%	14.63%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	1.13%	-0.25%	Equity Benchmark Overnight	85.37%	0.96%
Money Market	1.60%	1.54%	Rate	14.63%	0.23%
less: Expenses					-1.02%
Total Net Return for the Period					0.17%

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 +1.13% and outperformed the equity Benchmark's return of -0.25%. The Fund's equity portfolio outperformed the equity Benchmark as its selected investments in the Financial, Energy and Real Estate sectors outperformed the broader markets during the financial period under review.

The Fund commenced the financial period under review with an equity exposure of 86.2% and its equity weight was maintained at above 80% throughout 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 87.3%. Based on an average equity exposure of 85.37%, the Fund's equity portfolio is deemed to have registered a return of +0.96% 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 4.7% of the Net Asset Value (NAV) of the Fund. Other than Malaysia, the top 5 countries accounted for 81.4% of the NAV of the Fund and 93.2% of the Fund's equity portfolio. The weightings of the top 5 countries excluding Malaysia are in the following order: Hong Kong (35.8%), Taiwan (23.7%), Singapore (15.8%), Thailand (4.8%) and Indonesia (1.3%).

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 +1.60%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.54% over the same period.

Manager's Report

During the financial period under review, the Fund's exposure to money market investments decreased from 13.8% to 12.7% as funds were mobilised into equity investments. Based on an average exposure of 14.63%, the money market portfolio is estimated to have contributed +0.23% to the Fund's overall return for the financial period under review.

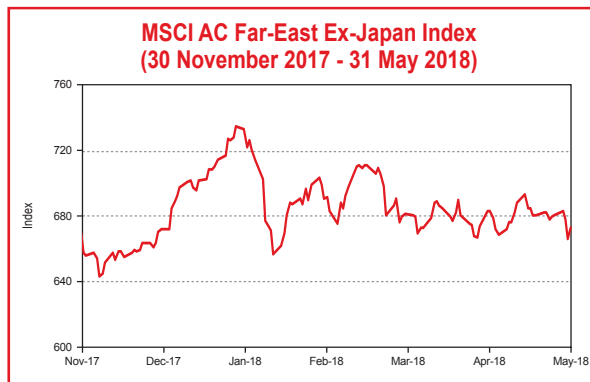
Stock Market Review

Commencing the financial period under review at 1,717.86 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) strengthened in December 2017 and 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 equity markets due to concerns over the prospect of higher-than-expected interest rates in the U.S. The Index subsequently rebounded to an all-time closing high of 1,895.18 points on 19 April 2018 amid net foreign inflows before easing in early May 2018 on cautious sentiment in the run-up to Malaysia's 14th General Election. Post-election, the local market moved in a trading range before trending lower in late May 2018, weighed by foreign selling amid the outflow of funds from the emerging markets. The FBM KLCI closed at 1,740.62 points to register a gain of 1.32% 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 657.62 points. The Index moved higher in December 2017, driven by improving liquidity conditions in China, a rosier 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 but retreated in February to May 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 673.29 points to register a gain of 2.38% (-0.36% in Ringgit terms) for the financial period under review.

Regional markets, namely the Hong Kong, Thailand, Taiwan, Singapore, Korea and Indonesia markets, registered returns of +1.19%, +1.09%, +0.33%, -2.14%, -3.87% and -4.76% (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 2.99% and ended the financial period under review higher at 3.22%.

Economic Review

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

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

Malaysia's inflation rate slowed to 1.7% in the first four months of 2018 from 3.7% in 2017 amid moderating food prices and transportation costs. On 25 January 2018, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) by 25 basis points (bps) from 3.00% to 3.25% on the back of resilient economic growth. Loans growth climbed to 4.8% in the first four months of 2018 from 4.1% in 2017 due to higher demand from the household sector.

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

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

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

In North Asia, China's GDP growth inched down from 6.9% in 2017 to 6.8% in 1Q 2018 following a moderation in the services sector. The services sector's growth eased from 8.0% in 2017 to 7.5% in 1Q 2018 amid softer growth in financial activities and trade. Driven by higher food prices, China's inflation rate climbed to 2.1% in the first four months of 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%.

Manager's Report

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 the first four 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.

Weighed by slower investment spending and export growth, South Korea's GDP growth eased from 3.1% in 2017 to 2.8% in 1Q 2018. The inflation rate softened to 1.3% in the first four months of 2018 from 1.9% in 2017 due to moderating food prices and transportation costs. To maintain economic growth, the Bank of Korea held its benchmark interest rate at 1.50%.

Taiwan's GDP growth inched up from 2.9% in 2017 to 3.0% in 1Q 2018 amid higher consumer and government spending. Taiwan's inflation rate climbed to 1.7% in the first four months of 2018 from 0.6% in 2017 on the back of higher food prices and housing costs. Taiwan's central bank left its discount rate unchanged at 1.375% to support domestic demand.

Led by higher investment spending and export growth, U.S. GDP growth rose from 2.3% in 2017 to 2.8% in 1Q 2018. Investment spending increased from 3.3% in 2017 to 5.8% in 1Q 2018 due to higher investment in equipment. Likewise, export growth expanded from 3.4% to 4.2% over the same period. At the Federal Open Market Committee (FOMC) meeting on 1-2 May 2018, the Federal Reserve maintained the Federal funds rate target range at 1.50%-1.75%.

Eurozone GDP growth was sustained at 2.5% in 1Q 2018 compared to a similar growth rate in 2017, backed by resilient economic activities in Germany and France. At its monetary policy meeting on 26 April 2018, the European Central Bank (ECB) kept its main refinancing and deposit rates at 0.00% and -0.40% respectively. The ECB extended its quantitative-easing program from January 2018 until at least September 2018. However, it reduced the monthly pace of bond-buying from €60 billion to €30 billion with effect from January 2018.

In a referendum held on 23 June 2016, British voters voted in favour of exiting the European Union (EU). The United Kingdom (UK) formally notified of its exit from the EU under Article 50 on 29 March 2017, which commences a 2-year process of trade negotiations with the EU.

Outlook and Investment Strategy

Global and regional equity markets experienced volatile trading conditions in the first five months of 2018 on concerns over the prospect of higher U.S. interest rates and the U.S. government's proposed protectionist measures. This caused profit-taking across selected equity markets after a strong start to the year. Fund outflows from emerging markets to the developed markets were seen in April and May on the back of weaker local currencies. While concerns over rising interest rates in the U.S. as well as U.S.-China trade tensions may result in volatile market conditions in the near term, the performance of equity markets over the longer term will depend on the economic outlook and market valuations of the U.S., Europe and the Asia Pacific region.

Manager's Report

U.S. economic growth is projected to edge up from 2.3% in 2017 to 2.8% in 2018, driven by higher investment spending on the back of tax reform measures.

In the Eurozone, economic growth is envisaged to ease from 2.5% in 2017 to 2.3% in 2018 on expectations of a moderation in consumer and investment spending.

In 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 2.2% in 2018.

Hong Kong's GDP growth is expected to slow 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.

South Korea's GDP growth is anticipated to edge lower from 3.1% in 2017 to 2.9% in 2018 due to a slowdown in investment spending. Meanwhile, Taiwan's GDP growth is envisaged to inch down from 2.9% in 2017 to 2.7% in 2018 due to slower export growth.

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 edge up from 3.9% in 2017 to 4.0% in 2018, driven by higher investment spending.

On the domestic front, Malaysia's GDP growth is estimated to ease from 5.9% in 2017 to 5.4% in 2018 amid moderating export growth. However, domestic demand is projected to be supported by sustained consumer spending.

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

Valuation of regional markets in North-East and South-East Asia were generally mixed relative 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 providing income by investing in a portfolio of stocks in domestic and regional markets which offer or have the potential to offer attractive dividend yields.

Note: Q = Quarter

Manager's Report

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, PFEDF 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 May 2018. The full set of the audited financial statements together with the Independent Auditors' Report is available upon request without charge.

Statement of Assets and Liabilities

As at 31 May 2018

	31.5.2018 MYR'000	30.11.2017 MYR'000
Assets		
Investments	222,979	225,699
Other receivables	1,054	132
Deposits with financial institutions	9,515	8,681
Cash at banks	23,506	27,818
	257,054	262,330
Liabilities		
Due to brokers/financial institutions, net	993	-
Due to the Manager, net	695	488
Due to the Trustee	14	14
Other payables	48	92
Distribution payable	-	6,237
	1,750	6,831
Total net assets	255,304	255,499
Net asset value ("NAV") attributable to unitholders (Total equity)	255,304	255,499
Units in circulation (in '000)	829,683	831,619
NAV per unit (in sen)	30.77	30.72

Extracts Of Financial Statements (cont'd)

Statement of Income and Expenditure

For the Financial Period Ended 31 May 2018

	1.12.2017 to 31.5.2018 MYR'000	1.12.2016 to 31.5.2017 MYR'000
Income		
Interest income	157	208
Distribution income	562	616
Dividend income	2,176	1,783
Net gain from investments	1,375	19,719
Net realised/unrealised foreign exchange loss	(1,009)	(608)
	3,261	21,718
Less: Expenses		
Trustee's fee	82	85
Management fee	2,188	2,251
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	321	460
Administrative fees and expenses	46	59
	2,641	2,859
Net income before taxation	620	18,859
Taxation	(75)	(59)
Net income after taxation	545	18,800
Net income after taxation is made up as follows:		
Realised	5,820	6,814
Unrealised	(5,275)	11,986
	545	18,800

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value

For the Financial Period Ended 31 May 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 December 2016	220,947	41,688	262,635
Creation of units	6,677	-	6,677
Cancellation of units	(26,539)	-	(26,539)
Net income after taxation	-	18,800	18,800
As at 31 May 2017	201,085	60,488	261,573
As at 1 December 2017	190,673	64,826	255,499
Creation of units	9,712	-	9,712
Cancellation of units	(10,452)	-	(10,452)
Net income after taxation	-	545	545
As at 31 May 2018	189,933	65,371	255,304

Extracts Of Financial Statements (cont'd)

Statement of Cash Flows

For the Financial Period Ended 31 May 2018

	1.12.2017 to 31.5.2018 MYR'000	1.12.2016 to 31.5.2017 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	42,774	72,952
Purchase of investments	(37,937)	(46,343)
Subscription of rights	-	(168)
Maturity of deposits	1,155,669	1,641,612
Placement of deposits	(1,156,503)	(1,641,572)
Interest income received	157	207
Net distribution income received	440	706
Net dividend income received	1,308	1,041
Trustee's fee paid	(82)	(84)
Management fee paid	(2,190)	(2,233)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(90)	(59)
Net cash inflow from operating activities	3,542	26,055
Cash flows from financing activities		
Cash proceeds from units created	9,726	6,663
Cash paid on units cancelled	(10,257)	(26,339)
Distribution paid	(6,237)	(4,654)
Net cash outflow from financing activities	(6,768)	(24,330)
Net (decrease)/increase in cash and cash equivalents	(3,226)	1,725
Effect of changes in foreign exchange rates	(1,086)	(454)
Cash and cash equivalents at the beginning of the financial period	27,818	14,041
Cash and cash equivalents at the end of the financial period	23,506	15,312