

Fund Information

Fund Name

Public Industry Growth Fund (PINDGF)

Fund Category

Equity

Fund Investment Objective

To achieve a high level of capital appreciation over the medium to long term period through investments in growth industries.

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 PINDGF as at 30 April 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	2,713	13.13	8
5,001 to 10,000	4,216	20.40	30
10,001 to 50,000	10,149	49.12	237
50,001 to 500,000	3,550	17.18	366
500,001 and above	35	0.17	35
Total	20,663	100.00	676

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 30 April 2018

	Average Total Return of PINDGF (%)
1 Year	5.80
3 Years	4.30
5 Years	6.14

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
PINDGF (%)	10.58	0.78	0.82	6.39	9.07

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 30 April

	2018	2017	2016
Unit Prices (MYR)			
Highest NAV per unit for the period	0.5482	0.5132	0.4954
Lowest NAV per unit for the period	0.5127	0.4637	0.4696
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	360,016	367,928	343,758
UIC (in '000)	675,871	716,977	719,572
NAV per unit (MYR)	0.5327	0.5132	0.4777
Total Return for the Period (%)	2.46	7.10	-0.57
Capital growth (%)	2.06	6.83	-0.76
Income (%)	0.39	0.25	0.19
Management Expense Ratio (%)	1.58	1.58	1.58
Portfolio Turnover Ratio (time)	0.32	0.25	0.33

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 rose to 0.32 time from 0.25 time in the previous financial period on account of higher 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	-	-	3.9
Communications	7.9	12.1	18.3
Consumer, Cyclical	4.9	8.5	6.9
Consumer, Non-cyclical	13.5	13.0	15.5
Diversified	-	8.1	0.8
Energy	5.9	1.2	4.1
Financial	32.3	25.8	22.3
Industrial	5.6	4.7	6.3
Technology	1.0	-	-
Utilities	10.2	9.3	10.9
	81.3	82.7	89.0
Outside Malaysia			
Hong Kong			
Communications	1.8	-	-
Korea			
Communications	1.0	1.6	1.3
Singapore			
Financial	1.3	-	-
Taiwan			
Technology	1.0	-	-
Thailand			
Consumer, Non-cyclical	1.0	1.7	-
United States			
Communications	1.1	3.9	1.3
Financial	1.2	2.2	1.5
Technology	2.2	1.6	-
	4.5	7.7	2.8
TOTAL QUOTED EQUITY SECURITIES	91.9	93.7	93.1
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
Financial	-	1.1	1.1
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	-	1.1	1.1
DEPOSITS WITH FINANCIAL INSTITUTIONS	5.2	3.3	5.4
OTHER ASSETS & LIABILITIES	2.9	1.9	0.4

Manager's Report

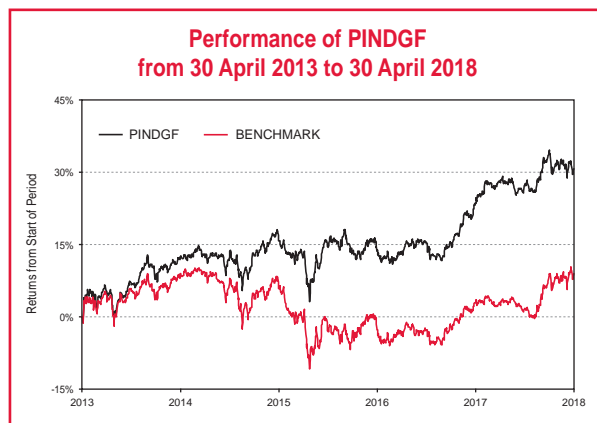
Overview

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

Public Industry Growth Fund (PINDGF or the Fund) aims to achieve a high level of capital appreciation over the medium to long term period through investments in growth industries.

For the financial period under review, the Fund registered a return of +2.46% as compared to its Benchmark's return of +7.01%. The Fund's equity portfolio registered a return of +3.59% 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.

For the five financial years ended 30 April 2018, the Fund generated a total return of +30.73% and outperformed its Benchmark's return of +8.89% 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 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	96.2%	91.9%	-4.3%	93.86%
Money Market	3.8%	8.1%	+4.3%	6.14%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	3.59%	7.01%	FBM KLCI Overnight Rate	93.86%	3.37%
Money Market	1.59%	1.51%		6.14%	0.09%
less: Expenses					-1.00%
Total Net Return for the Period					2.46%

FBM KLCI = FTSE Bursa Malaysia KLCI

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 +3.59% as compared to the Benchmark's return of +7.01%. The Fund's equity portfolio generated a positive return which was lower than the Benchmark as its selected holdings within the Technology and Communications sectors were impacted by the consolidation in global Technology stocks during the financial period under review.

The Fund commenced the financial period under review with an equity exposure of 96.2% and its equity weight was maintained at above 90% over the financial period under review to capitalise on investment opportunities in the domestic and foreign markets. The Fund ended the financial period under review with an equity exposure of 91.9%. Based on an average equity exposure of 93.86%, the Fund's equity portfolio is deemed to have registered a return of +3.37% 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 69.8% of the Net Asset Value (NAV) of the Fund and 76.0% of the Fund's equity portfolio. The weightings of the top 5 sectors in Malaysia (unless otherwise indicated) are in the following order: Financial (32.3%), Consumer, Non-Cyclical (13.5%), Utilities (10.2%), Communications (7.9%) and Energy (5.9%).

Money Market Portfolio Review

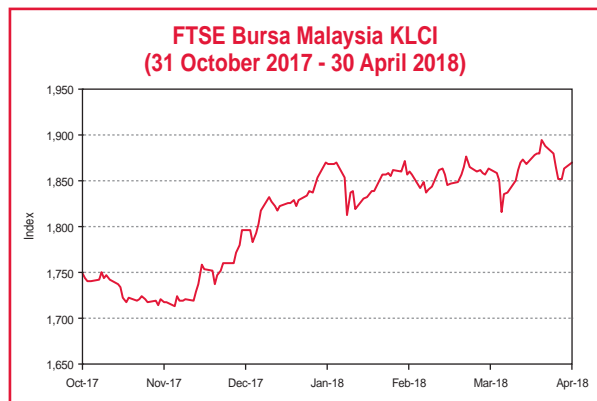
During the financial period under review, the Fund's money market portfolio, which was invested primarily in deposits, yielded a return of +1.59%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.51% over the same period.

Manager's Report

During the financial period under review, the Fund's exposure to money market investments increased from 3.8% to 8.1% following the disposal of selected equity investments. Based on an average exposure of 6.14%, the money market portfolio is estimated to have contributed +0.09% 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 FBM KLCI retraced in November 2017 as market sentiment was dampened by a lack of fresh catalysts and a sell-down 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.



The regional equity markets, as proxied by the Morgan Stanley Capital International All Country Far-East Ex-Japan (MSCI FEExJ) Index, commenced the financial period under review at 652.86 points. The Index moved higher in November and December 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 FEExJ Index started 2018 on a strong note but retreated 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 trade tensions between the U.S. and China. The MSCI FEExJ Index traded sideways in April 2018 and closed at 682.86 points to register a gain of 4.60% (-3.06% in Ringgit terms) for the financial period under review.

Regional markets, namely the Singapore, Thailand, Hong Kong, Korea and Taiwan markets registered returns of +2.14%, +0.88%, +0.49%, -3.09% and -6.72% (in Ringgit terms) respectively for the financial period under review.

Manager's Report

The U.S. equity market, as proxied by the Standard & Poor's (S&P) 500 Index, commenced the financial period under review at 2,575.26 points. The Index rallied in November and December 2017 as the U.S. tax reform bill was approved by Congress and 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 Index to a record high of 2,872.87 points on 26 January 2018.

However, the S&P 500 Index corrected in February 2018 amid concerns over inflationary pressures and the prospect of faster-than-expected interest rate hikes in the U.S. In March 2018, the Index slid further amid escalating trade tensions between the U.S. and China before rebounding in early April 2018 on the back of easing trade tensions as well as robust corporate earnings releases. The S&P 500 Index closed at 2,648.05 points to register a gain of 2.83% (-4.70% in Ringgit terms) for the financial period under review.

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. Led by resilient consumer spending and higher export growth, Thailand's GDP growth increased from 3.3% in 2016 to 3.9% in 2017.

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. 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.

Manager's Report

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. Meanwhile, Taiwan's GDP growth inched up from 2.9% in 2017 to 3.0% in 1Q 2018 amid higher consumer and government spending.

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%.

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 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 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.

Manager's Report

South Korea's GDP growth is anticipated to edge lower from 3.1% in 2017 to 3.0% in 2018 on the back of softer domestic demand. 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. Thailand's GDP growth is envisaged to inch 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 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 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 a high level of capital appreciation over the medium to long term period through investments in growth industries.

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, PINDGF 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	330,685	361,139
Due from brokers/financial institutions, net	1,994	-
Tax recoverable	151	151
Other receivables	655	993
Deposits with financial institutions	18,848	12,879
Cash at banks	8,644	4,314
	360,977	379,476
Liabilities		
Due to brokers/financial institutions, net	-	1,478
Due to the Manager, net	906	2,427
Due to the Trustee	19	20
Other payables	36	56
Distribution payable	-	7,087
	961	11,068
Total net assets	360,016	368,408
Net asset value ("NAV") attributable to unitholders (Total equity)	360,016	368,408
Units in circulation (in '000)	675,871	708,670
NAV per unit (in sen)	53.27	51.99

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	252	301
Distribution income	-	105
Dividend income	4,243	3,464
Net gain from investments	8,624	23,267
Net realised/unrealised foreign exchange (loss)/gain	(407)	659
	12,712	27,796
Less: Expenses		
Trustee's fee	116	111
Management fee	2,896	2,778
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	627	497
Administrative fees and expenses	31	35
	3,674	3,425
Net income before taxation	9,038	24,371
Taxation	(44)	(27)
Net income after taxation	8,994	24,344
Net income after taxation is made up as follows:		
Realised	12,152	544
Unrealised	(3,158)	23,800
	8,994	24,344

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	327,772	27,192	354,964
Creation of units	6,396	-	6,396
Cancellation of units	(17,776)	-	(17,776)
Net income after taxation	-	24,344	24,344
As at 30 April 2017	316,392	51,536	367,928
As at 1 November 2017	312,055	56,353	368,408
Creation of units	6,608	-	6,608
Cancellation of units	(23,994)	-	(23,994)
Net income after taxation	-	8,994	8,994
As at 30 April 2018	294,669	65,347	360,016

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	136,134	95,959
Purchase of investments	(101,106)	(78,832)
Maturity of deposits	2,004,983	1,836,664
Placement of deposits	(2,010,952)	(1,838,988)
Interest income received	251	298
Net distribution income received	-	95
Net dividend income received	4,539	2,997
Taxation recovered	-	80
Trustee's fee paid	(117)	(111)
Management fee paid	(2,931)	(2,788)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(50)	(37)
Net cash inflow from operating activities	30,747	15,333
Cash flows from financing activities		
Cash proceeds from units created	6,766	6,126
Cash paid on units cancelled	(25,638)	(17,909)
Distribution paid	(7,087)	(3,704)
Net cash outflow from financing activities	(25,959)	(15,487)
Net increase/(decrease) in cash and cash equivalents	4,788	(154)
Effect of changes in foreign exchange rates	(458)	589
Cash and cash equivalents at the beginning of the financial period	4,314	5,640
Cash and cash equivalents at the end of the financial period	8,644	6,075