# Fund Information

## Fund Name

Public India-Global Equity Fund (PINGEF)

## 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 the India and global markets.

## Fund Performance Benchmark

The benchmarks of the Fund and their respective percentages are 40% MSCI India Index, 25% Dow Jones Industrial Average, 25% customised index by MSCI based on the Top 30 constituents of MSCI AC Far-East Ex-Japan Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR).

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## Fund Distribution Policy

Incidental

## Breakdown of Unitholdings of PINGEF as at 31 July 2018

| Size of holdings | No. of unitholders | % of unitholders | No. of units held (million) |
|---|---|---|---|
| 5,000 and below | 1,376 | 14.80 | 5 |
| 5,001 to 10,000 | 1,681 | 18.08 | 12 |
| 10,001 to 50,000 | 4,159 | 44.74 | 105 |
| 50,001 to 500,000 | 2,003 | 21.54 | 262 |
| 500,001 and above | 78 | 0.84 | 92 |
| **Total** | **9,297** | **100.00** | **476** |

*Note: Excluding Manager's Stock.*

## Total Return for the Following Period Ended 31 July 2018

| | Total Return of PINGEF (%) |
|---|---|
| Since commencement | 4.08* |

** The figure shown is for period since Fund commencement (8 February 2018).*

*Note: Average total return is not appropriate as total return for PINGEF is less than one year.*

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 Financial Period from 19 January 2018 to 31 July 2018

| | 2018 |
|---|---|
| **Unit Prices (MYR)** | |
| Highest NAV per unit for the period | 0.2602 |
| Lowest NAV per unit for the period | 0.2452 |
| **Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period** | |
| Total NAV (MYR'000) | 124,013 |
| UIC (in '000) | 476,520 |
| NAV per unit (MYR) | 0.2602 |
| **Total Return for the Period (%)** | **4.08** |
| Capital growth (%) | 4.00 |
| Income (%) | 0.08 |
| **Management Expense Ratio (%)** | **1.95** |
| **Portfolio Turnover Ratio (time)** | **0.55** |

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.





## Asset Allocation

| As at 31 July (Percent of NAV) | 2018 % |
|---|---|
| **EQUITY SECURITIES** | |
| **Quoted** | |
| **Outside Malaysia** | |
| **Hong Kong** | |
| Communications | 3.1 |
| Diversified | 0.4 |
| Energy | 0.5 |
| Financial | 6.5 |
| | 10.5 |
| **Korea** | |
| Communications | 1.0 |
| Technology | 2.5 |
| | 3.5 |
| **Singapore** | |
| Financial | 0.9 |
| **Taiwan** | |
| Industrial | 0.6 |
| Technology | 2.4 |
| | 3.0 |
| **United States** | |
| Basic Materials | 0.4 |
| Communications | 4.2 |
| Consumer, Cyclical | 1.7 |
| Consumer, Non-cyclical | 2.5 |
| Energy | 1.2 |
| Financial | 4.5 |
| Industrial | 4.2 |
| Technology | 8.4 |
| | 27.1 |
| **TOTAL QUOTED EQUITY SECURITIES** | **45.0** |
| **COLLECTIVE INVESTMENT FUNDS** | |
| **Quoted** | |
| **Outside Malaysia** | |
| **Singapore** | |
| Funds | 12.2 |
| **United States** | |
| Funds | 26.9 |
| **TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS** | **39.1** |
| **DEPOSITS WITH FINANCIAL INSTITUTIONS** | **15.0** |
| **OTHER ASSETS & LIABILITIES** | **0.9** |

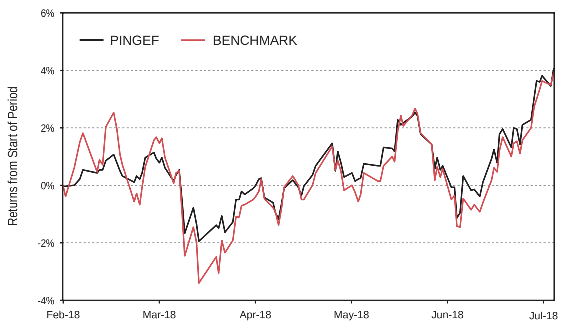
## Overview

For the purpose of this first Interim Report, the financial period under review covers the period from its commencement on 8 February 2018 (being the last day of the initial offer period) to 31 July 2018.

Public India-Global Equity Fund (PINGEF or the Fund) aims to achieve capital growth over the medium to long-term period by investing in a portfolio of investments in the India and global markets.

For the financial period under review, the Fund registered a return of +4.08% as compared to its Benchmark's return of +3.93%. The Fund's equity portfolio registered a return of +6.09% while its money market portfolio registered a return of +1.55% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

**Performance of PINGEF from 8 February 2018 (Commencement Date) to 31 July 2018**




The Fund's Benchmark is a composite index of 40% MSCI India Index, 25% Dow Jones Industrial Average, 25% customised index by MSCI based on the Top 30 constituents of MSCI AC Far-East Ex-Japan 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 July 2018.

## Change in Portfolio Exposures from 08-Feb-18 to 31-Jul-18

| | 08-Feb-18 (Commencement Date) | 31-Jul-18 | Change | Average Exposure |
|---|---|---|---|---|
| Equities & Related Securities | 0.0% | 84.1% | +84.1% | 78.48% |
| Money Market | 100.0% | 15.9% | -84.1% | 21.52% |





## Returns Breakdown by Asset Class

| | Returns On Investments | Market / Benchmark Returns | Benchmark Index Used | Average Exposure | Attributed Returns |
|---|---|---|---|---|---|
| Equities & Related Securities | 6.09% | 4.14% | Equity Benchmark | 78.48% | 4.78% |
| Money Market | 1.55% | 1.51% | Overnight Rate | 21.52% | 0.33% |
| less: Expenses | | | | | -1.03% |
| Total Net Return for the Period | | | | | 4.08% |

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 +6.09% as compared to the equity Benchmark's return of +4.14%. The Fund's equity portfolio outperformed the equity Benchmark as its selected holdings of Financial and Technology stocks in the United States outperformed the broader markets during the financial period under review.

Following its commencement, the Fund's equity exposure was progressively increased to 84.1% by the end of the financial period under review to capitalise on investment opportunities in the India and global markets. Based on an average equity exposure of 78.48%, the Fund's equity portfolio is deemed to have registered a return of +4.78% 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, 5 countries accounted for 84.1% of the Net Asset Value (NAV) of the Fund and 100.0% of the Fund's equity portfolio. The weightings of the 5 countries are in the following order: the United States (54.0%), Singapore (13.1%), Hong Kong (10.5%), Korea (3.5%) and Taiwan (3.0%). The Fund's exposure to India via ETFs listed in Singapore and the United States constituted 39.1% of the Fund's NAV.

## 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 +1.55%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.51% over the same period.

Following its commencement, the Fund's exposure to money market investments was progressively reduced to 15.9% at the end of the financial period under review as funds were mobilised into equity investments. Based on an average exposure of 21.52%, the money market portfolio is estimated to have contributed +0.33% to the Fund's overall return for the financial period under review.

## Stock Market Review

The India equity market, as proxied by the Morgan Stanley Capital International India (MSCI India) Index, commenced the financial period under review at 1,252.53 points. The Index declined in February and March 2018 on the government's proposal to revive a tax on long-term equity gains as well as the imposition of import tariffs on steel and aluminum by the U.S. After posting a strong rebound in April 2018 on the back of robust corporate earnings releases, the Index traded range-bound in May and June 2018. The Index subsequently rallied in July 2018 on the back of strong corporate results, foreign fund inflows and optimism over improved consumer spending amid increased state support for farmers and a proposed extension of social security ahead of next year's elections. The MSCI India Index closed at 1,325.06 points to register a gain of 5.79% (+2.63% in Ringgit terms) for the financial period under review.

The regional 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 671.36 points. The Index retreated from February to July 2018 on 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 633.65 points to register a decline of 5.62% (-2.28% in Ringgit terms) for the financial period under review.

Regional markets, namely the Taiwan, Singapore, Hong Kong and Korea markets, registered returns of 4.42%, -1.66%, -3.15% and -4.00% (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 2,581.00 points. The Index corrected in February 2018 amid 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 before rebounding in April and May 2018 as trade tensions eased and corporate earnings remained robust. President Trump's threat to impose tariffs on another US$200 billion of Chinese goods as well as a ban on Chinese investments in U.S. technology companies reignited fears of a trade war, causing the Index to retrace in June 2018. Although trade tensions remained a concern, solid corporate earnings releases boosted the U.S. equity market in July 2018. The S&P 500 Index closed at 2,816.29 points to register a gain of 9.12% (+12.98% in Ringgit terms) for the financial period under review.

## Money Market Review

The Overnight Rate commenced the financial period under review at 3.17% and ended the financial period under review higher at 3.24%.





## Economic Review

As one of the fastest-growing economies in the world, India registered an average GDP growth of 6.9% per annum over the Financial Year (FY)2013-FY2018 period. India's GDP growth slowed to 6.7% in FY2018 from 7.1% in FY2017 on the back of a moderation in domestic demand.

The inflation rate climbed to 4.7% in the first two months of FY2019 from 3.6% in FY2018 due to higher food prices and housing costs. The Reserve Bank of India (RBI) raised its policy rate by 50 basis points (bps) from 6.00% to 6.50% in the June-August period, led by growing inflation concerns amid higher oil prices and a weaker Rupee.

In North Asia, China's GDP growth inched down from 6.9% in 2017 to 6.8% in 1H 2018 following a moderation in the services sector. The services sector's growth eased from 8.0% in 2017 to 7.6% in 1H 2018 amid softer growth in financial activities and trade. Driven by higher food prices, China's inflation rate climbed to 2.0% in 1H 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%.

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 1H 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 June 2018.

Weighed by slower investment spending, South Korea's GDP growth eased from 3.1% in 2017 to 2.9% in 1H 2018. The inflation rate softened to 1.4% in 1H 2018 from 1.9% in 2017 due to moderating food prices and transportation costs. In a move to maintain its economic growth, the Bank of Korea held its benchmark interest rate at 1.50%.

Taiwan's GDP growth increased from 2.9% in 2017 to 3.2% in 1H 2018 amid higher consumer and government spending. Taiwan's inflation rate rose to 1.6% in 1H 2018 from 0.6% in 2017 led by higher food prices and transportation costs. Taiwan's central bank retained its discount rate at 1.375% to support domestic demand.

In South-East Asia, Singapore's GDP growth strengthened from 3.6% in 2017 to 4.1% in 1H 2018, helped by robust services activities. Singapore's inflation rate edged down to 0.3% in 1H 2018 from 0.6% in 2017 amid moderating transportation costs.

Led by higher investment spending and export growth, U.S. GDP growth rose from 2.2% in 2017 to 2.7% in 1H 2018. Investment spending increased from 4.8% in 2017 to 5.4% in 1H 2018 due to higher non-residential investment. Likewise, export growth expanded from 3.0% to 5.0% over the same period. At the Federal Open Market Committee (FOMC) meeting on 12-13 June 2018, the Federal Reserve raised the Federal funds rate target range by 25 bps from 1.50%-1.75% to 1.75%-2.00%.

Eurozone GDP growth inched down from 2.5% in 2017 to 2.3% in 1H 2018 amid slower economic growth in France. At its monetary policy meeting on 26 July 2018, the European Central Bank (ECB) kept its main refinancing and deposit rates at 0.00% and -0.40% respectively. The ECB will continue its quantitative easing program at a monthly pace of €30 billion until end-September 2018. Thereafter, the monthly pace of bond-buying will be reduced to €15 billion until the end of the program in end-December 2018, subject to the medium-term inflation outlook.

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 that 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 1H 2018 on concerns over the prospect of higher U.S. interest rates and the U.S. government's proposed protectionist measures. Fund outflows from emerging markets to developed markets were seen in 2Q 2018 on the back of weaker local currencies. However, selected equity markets closed the month of July on a positive note as foreign selling subsided. 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.

U.S. economic growth is projected to strengthen from 2.2% in 2017 to 2.9% 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 2.2% 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, led by slower export growth amid the ongoing trade tensions. Meanwhile, China's inflation rate is projected to increase from 1.6% in 2017 to 2.1% in 2018.

Hong Kong's GDP growth is expected to slow from 3.8% in 2017 to 3.6% in 2018 on the back of moderating export growth. Going forward, the Hong Kong government is anticipated to maintain its tightening stance on the residential property market. However, 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 3.1% in 2018 on expectations of softening domestic demand.





Looking ahead, India's GDP growth is expected to gain pace from 6.7% in FY2018 to 7.4% in FY2019, led by robust consumer spending and accelerated structural reforms in the country.

Private consumption, which accounts for nearly 60% of India's GDP, will be supported by an increase in public wages and pensions. The combination of ongoing reforms, higher investments and moderate global inflationary pressures should help underpin India's economic growth in the years ahead.

As at end-July 2018, the MSCI India Index was trading at a prospective P/E ratio of 19.2x, which was above its 10-year average of 16.8x. The market's dividend yield was 1.6%.

Valuations 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 achieving capital growth over the medium to long-term period by investing in a portfolio of investments in the India and global markets.

Notes: Q = Quarter
H = Half

## 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, PINGEF 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 from 19 January 2018 to 31 July 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 July 2018

| | MYR'000 |
|---|---|
| **Assets** | |
| Investments | 104,316 |
| Due from the Manager, net | 351 |
| Other receivables | 145 |
| Deposits with financial institutions | 18,561 |
| Cash at banks | 669 |
| | 124,042 |
| **Liabilities** | |
| Due to the Trustee | 6 |
| Other payables | 23 |
| | 29 |
| **Total net assets** | 124,013 |
| **Net asset value ("NAV") attributable to unitholders (Total equity)** | 124,013 |
| **Units in circulation (in '000)** | 476,520 |
| **NAV per unit (in sen)** | 26.02 |

# Extracts Of Financial Statements (cont'd)

## Statement of Income and Expenditure

For the Financial Period from 19 January 2018 to 31 July 2018

| | MYR'000 |
|---|---|
| **Income** | |
| Interest income | 575 |
| Distribution income | 105 |
| Dividend income | 512 |
| Net gain from investments | 4,879 |
| Net realised/unrealised foreign exchange loss | (93) |
| | 5,978 |
| **Less: Expenses** | |
| Trustee's fee | 30 |
| Management fee | 912 |
| Audit fee | 3 |
| Tax agent's fee | 1 |
| Brokerage fee | 185 |
| Administrative fees and expenses | 44 |
| | 1,175 |
| **Net income before taxation** | 4,803 |
| **Taxation** | (116) |
| **Net income after taxation** | 4,687 |
| **Net income after taxation is made up as follows:** | |
| Realised | (60) |
| Unrealised | 4,747 |
| | 4,687 |

## Statement of Changes in Net Asset Value

For the Financial Period from 19 January 2018 to 31 July 2018

| | Unitholders' capital MYR'000 | Retained earnings MYR'000 | Total MYR'000 |
|---|---|---|---|
| As at 19 January 2018 | - | - | - |
| Creation of units | 120,313 | - | 120,313 |
| Cancellation of units | (987) | - | (987) |
| Net income after taxation | - | 4,687 | 4,687 |
| As at 31 July 2018 | 119,326 | 4,687 | 124,013 |



Extracts Of Financial Statements (cont'd)

## Statement of Cash Flows

For the Financial Period from 19 January 2018 to 31 July 2018

| | MYR'000 |
|---|---|
| **Cash flows from operating activities** | |
| Proceeds from sale of investments | 1,276 |
| Purchase of investments | (100,894) |
| Maturity of deposits | 4,355,279 |
| Placement of deposits | (4,373,840) |
| Interest income received | 573 |
| Net distribution income received | 74 |
| Net dividend income received | 283 |
| Trustee's fee paid | (24) |
| Management fee paid | (728) |
| Payment of other fees and expenses | (26) |
| **Net cash outflow from operating activities** | (118,027) |
| **Cash flows from financing activities** | |
| Cash proceeds from units created | 119,778 |
| Cash paid on units cancelled | (987) |
| **Net cash inflow from financing activities** | 118,791 |
| **Net increase in cash and cash equivalents** | 764 |
| **Effect of changes in foreign exchange rates** | (95) |
| **Cash and cash equivalents at the end of the financial period** | 669 |

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