

Fund Information

Fund Name

Public SmallCap Fund (P SmallCap)

Fund Category

Equity

Fund Investment Objective

To achieve high capital growth through investments in companies with small market capitalisation with special focus on growth stocks.

Fund Performance Benchmark

The benchmark of the Fund is the FTSE Bursa Malaysia Small Cap Index.

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Fund Distribution Policy

Incidental

Breakdown of Unitholdings of P SmallCap as at 28 February 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	8,186	19.28	23
5,001 to 10,000	6,823	16.07	51
10,001 to 50,000	20,764	48.90	479
50,001 to 500,000	6,589	15.51	707
500,001 and above	101	0.24	103
Total	42,463	100.00	1,363

Note: Excluding Manager's Stock.

Fund Performance

For the Financial Period Ended 28 February 2018

Average Total Return for the Following Years Ended 28 February 2018

	Average Total Return of P SmallCap (%)
1 Year	0.49
3 Years	3.53
5 Years	11.89

Annual Total Return for the Financial Years Ended 31 August

Year	2017	2016	2015	2014	2013
P SmallCap (%)	12.86	11.79	-4.46	22.03	21.55

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

	28.2.2018	28.2.2017	29.2.2016
Unit Prices (MYR)			
Highest NAV per unit for the period	0.8908	0.8897	0.8752
Lowest NAV per unit for the period	0.8303	0.8288	0.7989
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	1,141,207	1,170,532	1,068,686
UIC (in '000)	1,362,949	1,315,584	1,266,801
NAV per unit (MYR)	0.8373	0.8897	0.8436
Total Return for the Period (%)	-6.10	5.45	5.52
Capital growth (%)	-6.45	4.64	5.20
Income (%)	0.37	0.77	0.30
Management Expense Ratio (%)	1.54	1.56	1.57
Portfolio Turnover Ratio (time)	0.04	0.01	0.03

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.

Fund Performance

For the Financial Period Ended 28 February 2018

Asset Allocation for the Past Three Financial Periods

	As at (Percent of NAV)		
	28.2.2018 %	28.2.2017 %	29.2.2016 %
EQUITY SECURITIES			
Quoted			
Malaysia			
Ordinary Shares			
Communications	7.9	8.9	8.4
Consumer, Cyclical	7.7	7.0	7.6
Consumer, Non-cyclical	5.4	4.4	4.4
Diversified	3.3	5.4	4.9
Energy	1.8	-	-
Financial	17.5	17.5	20.4
Industrial	15.4	19.2	16.2
Technology	3.7	2.4	3.0
	62.7	64.8	64.9
Preference Shares			
Financial	3.7	3.1	3.0
Outside Malaysia			
Hong Kong			
Communications	-	1.0	1.1
Indonesia			
Consumer, Non-cyclical	-	0.1	0.1
Singapore			
Financial	-	1.5	1.0
Industrial	1.1	1.0	0.6
	1.1	2.5	1.6
Taiwan			
Industrial	-	0.1	0.5
United States			
Communications	-	-	0.1
TOTAL QUOTED EQUITY SECURITIES	67.5	71.6	71.3
COLLECTIVE INVESTMENT FUNDS			
Quoted			
Malaysia			
Financial	8.4	9.7	10.2
Outside Malaysia			
United States			
Funds	-	0.9	1.2
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	8.4	10.6	11.4

Fund Performance

For the Financial Period Ended 28 February 2018

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

	As at (Percent of NAV)		
	28.2.2018 %	28.2.2017 %	29.2.2016 %
COLLECTIVE INVESTMENT SCHEMES			
Unquoted Funds	5.4	-	-
TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEMES	5.4	-	-
DEPOSITS WITH FINANCIAL INSTITUTIONS	14.9	16.2	16.0
OTHER ASSETS & LIABILITIES	3.8	1.6	1.3

Manager's Report

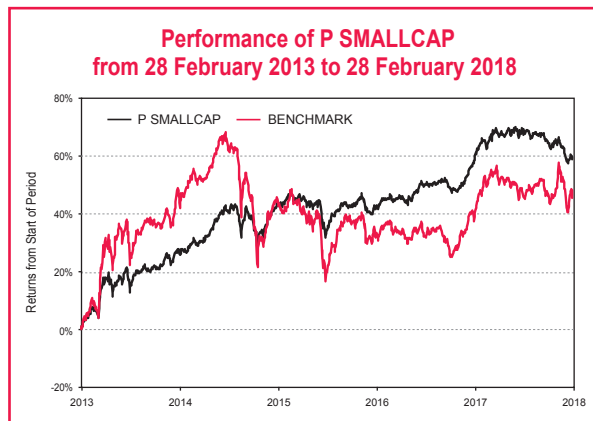
Overview

This Interim Report covers the financial period from 1 September 2017 to 28 February 2018.

Public SmallCap Fund (P SmallCap or the Fund) aims to achieve high capital growth through investments in companies with small market capitalisation with special focus on growth stocks.

For the financial period under review, the Fund registered a return of -6.10% as compared to its Benchmark's return of -0.16%. The Fund's equity portfolio registered a return of -7.24% 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.

For the five financial years ended 28 February 2018, the Fund generated a total return of +59.48% and outperformed its Benchmark's total return of +46.07% over the same period.



The Fund's Benchmark is the FTSE Bursa Malaysia Small Cap Index which comprises eligible companies within the top 98% of the Bursa Malaysia Main Market excluding constituents of the FTSE Bursa Malaysia Top 100 Index.

Effect of Distribution Reinvestment on Portfolio Exposures

There were no distributions declared for the period ended 28 February 2018.

Change in Portfolio Exposures from 31-Aug-17 to 28-Feb-18

	31-Aug-17	28-Feb-18	Change	Average Exposure
Equities & Related Securities	78.0%	75.9%	-2.1%	77.57%
Money Market	22.0%	24.1%	+2.1%	22.43%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	-7.24%	-0.16%	FBMSC Overnight Rate	77.57%	-5.62%
Money Market	1.55%	1.48%		22.43%	0.35%
less: Expenses					-0.83%
Total Net Return for the Period					-6.10%

FBMSC = FTSE Bursa Malaysia Small Cap 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 -7.24% as compared to the equity Benchmark's return of -0.16%. The Fund's equity portfolio registered a return which was lower than the equity Benchmark as the latter was lifted by a rebound in cyclical stocks which corrected subsequent to the close of the financial period.

The Fund commenced the financial period under review with an equity exposure of 78.0% and the Fund maintained an equity weight of above 75% over 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 75.9%. Based on an average equity exposure of 77.57%, the Fund's equity portfolio is deemed to have registered a return of -5.62% 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 66.0% of the Net Asset Value (NAV) of the Fund and 87.0% of the Fund's equity portfolio. The weightings of the top 5 sectors in Malaysia (unless otherwise indicated) are in the following order: Financial (29.6%), Industrial (15.4%), Communications (7.9%), Consumer, Cyclical (7.7%) and Consumer, Non-cyclical (5.4%).

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 +1.48% over the same period.

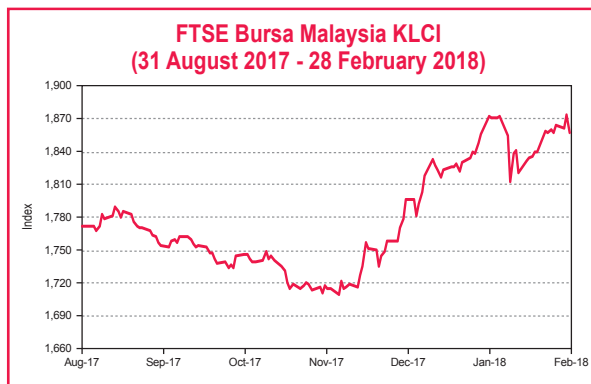
Manager's Report

During the financial period under review, the Fund's exposure to money market investments increased from 22.0% to 24.1% following the disposal of selected equity investments. Based on an average exposure of 22.43%, the money market portfolio is estimated to have contributed +0.35% to the Fund's overall return for the financial period under review.

Stock Market Review

Commencing the financial period under review at 1,773.16 points, the FTSE Bursa Malaysia KLCI (FBM KLCI) rose in early September 2017 before retracing in October and November 2017, as market sentiment was dampened by a lack of fresh catalysts and a sell-down in selected blue chips.

The Index subsequently 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 February 2018, the Index fell in tandem with global markets amid concerns over the prospect of higher-than-expected interest rates in the U.S. The FBM KLCI closed at 1,856.20 points to register a gain of 4.68% 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 624.47 points. The MSCI FEXJ Index continued to move higher from September to 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 Index started 2018 on a strong note before falling in February 2018, weighed by concerns over the prospect of faster-than-expected interest rate hikes in the U.S. The MSCI FEXJ Index closed at 691.00 points to register a gain of 10.65% (+1.49% in Ringgit terms) for the financial period under review.

The Singapore market registered a return of +1.07% (+7.34% in Ringgit terms) for the financial period under review.

Money Market Review

The Overnight Rate commenced the financial period under review at 2.97% and ended the financial period under review higher at 3.24%.

Manager's Report

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 accelerated to 18.9% in 2017 from 1.2% in 2016 due mainly to higher exports of electrical and electronic products. Import growth surged to 19.9% from 1.9% over the same period. Malaysia's cumulative trade surplus widened to RM97.2 billion in 2017 from RM88.1 billion in 2016. Due to capital inflows, Malaysia's foreign reserves rose to US\$103.7 billion as at end-January 2018 compared to US\$95.0 billion a year ago.

Malaysia's inflation rate rose to 3.7% in 2017 from 2.1% in 2016 on the back of higher transportation costs and food prices. 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 eased to 4.1% in 2017 from 5.3% in 2016 due to slower demand from the household sector.

On the regional front, Singapore's GDP growth expanded from 2.4% in 2016 to 3.6% in 2017, helped by robust growth in the services 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 3.2% in 2017 compared to a contraction of 1.6% in 2016 due to higher investment in equipment. Meanwhile, 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 30-31 January 2018, the Federal Reserve maintained the Federal funds rate at the target range of 1.25%-1.50%.

Eurozone GDP growth gained pace from 1.8% in 2016 to 2.5% in 2017 on the back of higher exports. At its monetary policy meeting on 25 January 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 2018 but retraced in early February 2018 on concerns over the prospect of faster-than-anticipated interest rate hikes in the U.S. However, most equity markets subsequently rebounded and recouped part of their losses in late February 2018. While concerns over inflationary pressures in the U.S. 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 2.7% in 2018, driven by higher investment spending on the back of tax reform measures.

Manager's Report

In the Eurozone, economic growth is envisaged to ease from 2.5% in 2017 to 2.3% in 2018 on expectations of slower export growth.

In South-East Asia, Singapore's GDP growth is estimated to edge lower from 3.6% in 2017 to 3.0% in 2018 on expectations of moderating export growth.

On the domestic front, Malaysia's GDP growth is projected to ease from 5.9% in 2017 to 5.3% 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.

As at end-February 2018, the local stock market was trading at a prospective P/E ratio of 16.5x, which was in line with its 10-year average. The market's dividend yield was 3.22%.

Among the regional markets, South-East Asian markets were trading at premiums 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 according to its objective of achieving high capital growth through investments in companies with small market capitalisation with special focus on growth stocks.

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, P SmallCap has not received goods or services by way of soft commissions.

Extracts Of Financial Statements

The following pages are extracts of the audited financial statements of the Fund for the financial period ended 28 February 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 28 February 2018

	28.2.2018 MYR'000	31.8.2017 MYR'000
Assets		
Investments	927,710	1,016,850
Tax recoverable	365	365
Other receivables	21	217
Deposits with financial institutions	170,222	168,778
Cash at banks	46,929	55,521
	1,145,247	1,241,731
Liabilities		
Due to brokers/financial institutions, net	1,270	-
Due to the Manager, net	2,688	2,401
Other payables	82	55
Distribution payable	-	78,093
	4,040	80,549
Total net assets	1,141,207	1,161,182
Net asset value ("NAV") attributable to unitholders (Total equity)	1,141,207	1,161,182
Units in circulation (in '000)	1,362,949	1,301,558
NAV per unit (in sen)	83.73	89.21

Extracts Of Financial Statements (cont'd)

Statement of Income and Expenditure

For the Financial Period Ended 28 February 2018

	1.9.2017 to 28.2.2018 MYR'000	1.9.2016 to 28.2.2017 MYR'000
Income		
Interest income	2,441	2,844
Distribution income	985	-
Dividend income	10,798	15,710
Net (loss)/gain from investments	(75,044)	50,771
Net realised/unrealised foreign exchange (loss)/gain	(3,761)	708
	(64,581)	70,033
Less: Expenses		
Trustee's fee	315	315
Management fee	9,308	8,839
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	254	37
Administrative fees and expenses	34	51
	9,915	9,246
Net (loss)/income before taxation	(74,496)	60,787
Taxation	(273)	(305)
Net (loss)/income after taxation	(74,769)	60,482
Net (loss)/income after taxation is made up as follows:		
Realised	34,032	12,157
Unrealised	(108,801)	48,325
	(74,769)	60,482

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value

For the Financial Period Ended 28 February 2018

	Unitholders' capital MYR'000	Retained earnings MYR'000	Total MYR'000
As at 1 September 2016	782,530	278,718	1,061,248
Creation of units	74,979	-	74,979
Cancellation of units	(26,177)	-	(26,177)
Net income after taxation	-	60,482	60,482
As at 28 February 2017	831,332	339,200	1,170,532
As at 1 September 2017	798,038	363,144	1,161,182
Creation of units	88,342	-	88,342
Cancellation of units	(33,548)	-	(33,548)
Net loss after taxation	-	(74,769)	(74,769)
As at 28 February 2018	852,832	288,375	1,141,207

Extracts Of Financial Statements (cont'd)

Statement of Cash Flows

For the Financial Period Ended 28 February 2018

	1.9.2017 to 28.2.2018 MYR'000	1.9.2016 to 28.2.2017 MYR'000
Cash flows from operating activities		
Proceeds from sale of investments	56,624	11,293
Purchase of investments	(41,513)	(1,805)
Maturity of deposits	19,200,302	22,968,050
Placement of deposits	(19,201,746)	(22,957,446)
Interest income received	2,454	2,861
Distribution income received	985	-
Net dividend income received	10,714	10,903
Trustee's fee paid	(321)	(304)
Management fee paid	(9,581)	(8,942)
Audit fee paid	(4)	(4)
Tax agent's fee paid	-	(1)
Payment of other fees and expenses	(6)	(66)
Net cash inflow from operating activities	17,908	24,539
Cash flows from financing activities		
Cash proceeds from units created	88,342	74,979
Cash paid on units cancelled	(32,988)	(25,938)
Distribution paid	(78,093)	(62,881)
Net cash outflow from financing activities	(22,739)	(13,840)
Net (decrease)/increase in cash and cash equivalents	(4,831)	10,699
Effect of change in foreign exchange rates	(3,761)	706
Cash and cash equivalents at the beginning of the financial period	55,521	3,036
Cash and cash equivalents at the end of the financial period	46,929	14,441