

Fund Information

Fund Name

Public Indonesia Select Fund (PINDOSF)

Fund Category

Equity

Fund Investment Objective

To achieve capital growth over the medium to long-term period by investing in a portfolio of investments primarily in the Indonesia market.

Fund Performance Benchmark

The benchmark of the Fund is the Jakarta LQ-45 Index (LQ 45).

Fund Distribution Policy

Incidental

Breakdown of Unitholdings of PINDOSF as at 28 February 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	1,183	8.70	4
5,001 to 10,000	1,550	11.40	11
10,001 to 50,000	6,410	47.14	168
50,001 to 500,000	4,310	31.70	543
500,001 and above	144	1.06	126
Total	13,597	100.00	852

Note: Excluding Manager's Stock.

Fund Performance

Average Total Return for the Following Years Ended 28 February 2018

	Average Total Return of PINDOSF (%)
1 Year	3.82
3 Years	4.15
5 Years	2.40

Fund Performance

For the Financial Period Ended 28 February 2018

Annual Total Return for the Financial Years Ended 31 August

Year	2017	2016	2015	2014	2013
PINDOSF (%)	6.80	27.16	-8.03	16.75	-5.85

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	0.3117	0.3051	0.2668
Lowest NAV per unit for the period	0.2856	0.2777	0.2179
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period			
Total NAV (MYR'000)	249,228	238,109	221,813
UIC (in '000)	851,786	803,918	831,300
NAV per unit (MYR)	0.2926	0.2962	0.2668
Total Return for the Period (%)	-1.66	1.16	13.92
Capital growth (%)	-0.92	1.71	14.53
Income (%)	-0.75	-0.54	-0.53
Management Expense Ratio (%)	1.83	1.80	1.83
Portfolio Turnover Ratio (time)	0.27	0.20	0.20

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 0.27 time from 0.20 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 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			
Outside Malaysia			
Hong Kong			
Financial	-	-	2.2
Indonesia			
Basic Materials	2.6	-	0.2
Communications	11.0	10.0	12.8
Consumer, Cyclical	8.6	13.6	15.8
Consumer, Non-cyclical	25.2	28.1	26.9
Energy	2.4	-	-
Financial	33.8	27.3	23.5
Industrial	10.7	9.1	11.3
Utilities	2.0	2.0	0.5
	96.3	90.1	91.0
TOTAL QUOTED EQUITY SECURITIES	96.3	90.1	93.2
FIXED INCOME SECURITIES			
Quoted			
Outside Malaysia			
Indonesia			
Redeemable Non-convertible Bonds	-	-	0.4
Sovereign Bonds	-	-	2.5
TOTAL QUOTED FIXED INCOME SECURITIES	-	-	2.9
DEPOSITS WITH FINANCIAL INSTITUTIONS	3.2	8.8	3.0
OTHER ASSETS & LIABILITIES	0.5	1.1	0.9

Manager's Report

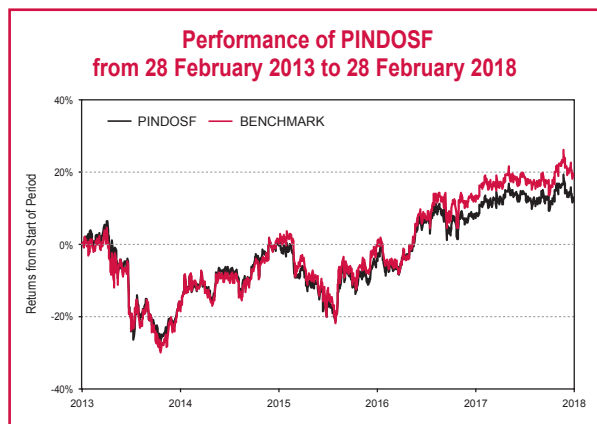
Overview

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

Public Indonesia Select Fund (PINDOSF or the Fund) seeks to achieve capital growth over the medium to long-term period by investing in a portfolio of investments primarily in the Indonesia market.

For the financial period under review, the Fund registered a return of -1.66% as compared to its Benchmark's return of -0.03%. The Fund's equity portfolio registered a return of -0.59% while its money market portfolio registered a return of +1.54% 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 registered a total cumulative return of +12.00% as compared to its Benchmark's return of +18.85% over the same period.



The Benchmark of the Fund is the Jakarta LQ-45 Index (LQ 45) which comprises the 45 largest companies by market capitalisation listed on the Indonesia Stock Exchange.

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	89.8%	96.3%	+6.5%	95.57%
Money Market	10.2%	3.7%	-6.5%	4.43%

Manager's Report

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	-0.59%	-0.03%	Benchmark Overnight Rate	95.57%	-0.56%
Money Market	1.54%	1.48%		4.43%	0.07%
less: Expenses					-1.17%
Total Net Return for the Period					-1.66%

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 -0.59% as compared to the Benchmark's return of -0.03%. The Fund's equity portfolio registered a return which was lower than its Benchmark's return as its holdings of selected stocks within the Industrial sector were impacted by slower new orders during the financial period under review.

The Fund commenced the financial period under review with an equity weight of 89.8% and this was increased to above 95% in late September 2017 to capitalise on investment opportunities in the Indonesian market. The Fund ended the financial period under review with an equity exposure of 96.3%. Based on an average equity exposure of 95.57%, the Fund's equity portfolio is deemed to have registered a return of -0.56% to the Fund as a whole for the financial period under review. A full review of the performance of the equity market is tabled in the following sections.

Sector Allocation

In terms of sector allocation within the equity portfolio, the top 5 sectors accounted for 89.3% of the Net Asset Value (NAV) of the Fund and 92.7% of the Fund's equity portfolio. The weightings of the top 5 sectors in Indonesia (unless otherwise indicated) are in the following order: Financial (33.8%), Consumer, Non-cyclical (25.2%), Communications (11.0%), Industrial (10.7%) and Consumer, Cyclical (8.6%).

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 +1.54%. In comparison, the Bank Negara Weighted Average Overnight Interbank Rate (Overnight Rate) registered a return of +1.48% over the same period.

During the financial period under review, the Fund's exposure to money market investments decreased from 10.2% to 3.7% as funds were mobilised into equity investments. Based on an average exposure of 4.43%, the money market portfolio is estimated to have contributed +0.07% to the Fund's overall return for the financial period under review.

Manager's Report

Stock Market Review

Commencing the financial period under review at 5,864.06 points, the Indonesian equity market, as proxied by the Jakarta Composite Index (JCI), rose in September and October 2017 following Bank Indonesia's move to cut its benchmark interest rate by 25 basis points (bps) to 4.25% in an effort to boost domestic consumption amid benign inflation.

The JCI retraced in November 2017 mainly due to fund outflows on the back of Indonesia's reduced weighting in the MSCI Emerging Market Index. The Index subsequently rebounded in December 2017 and January 2018 following Fitch's upgrade of Indonesia's sovereign credit rating from BBB- to BBB. In tandem with weaker global markets, the JCI eased in February 2018 and closed at 6,597.22 points to register a gain of 12.50% (+0.14% 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%.

Economic Review

Indonesia's economic growth inched up from 5.0% in 2016 to 5.1% in 2017 on the back of higher domestic demand and export growth. Real exports registered a growth of 2.1% in 2017 as compared to a decline of 1.6% in 2016.

The inflation rate firmed to 3.8% in 2017 from 3.5% in 2016 amid higher housing and transportation costs. To support domestic economic activities, Bank Indonesia reduced its benchmark interest rate by 50 bps to 4.25% during the August-September 2017 period.

Indonesia's nominal exports surged by 16.4% in 2017 compared to a decline of 3.5% in 2016 on the back of higher non-oil and gas exports. Likewise, imports rose by 15.6% following a contraction of 4.9% over the same period. Indonesia's trade surplus increased to US\$11.9 billion in 2017 from US\$9.4 billion in 2016. The country's foreign reserves widened to US\$130.2 billion in December 2017 from US\$116.4 billion in the prior year amid capital inflows.

Manager's Report

On the fiscal front, Indonesia's budget deficit widened to 2.6% of GDP in 2017 from 2.5% of GDP in 2016. Indonesia's public sector debt-to-GDP ratio edged up to 29% in 2017 from 28% in 2016.

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.

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.

Indonesia's GDP growth is expected to expand from 5.1% in 2017 to 5.3% in 2018 due to robust domestic demand. The inflation rate in Indonesia is projected to ease to 3.7% in 2018 from 3.8% in 2017.

On the fiscal front, Indonesia's budget is envisaged to be well-balanced and supportive of economic growth. Indonesia's budget deficit for 2018 is projected at 2.2% of GDP compared to the 2.6% in 2017.

At the closing level of 6,597 points as at end-February 2018, the JCI was trading at a prospective P/E ratio of 16.9x on 2018 earnings, which was above its 10-year historical average of 14.9x. Meanwhile, the Indonesian market offered a gross dividend yield of about 1.9%.

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 primarily in the Indonesia market.

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, PINDOSF 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 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	239,931	239,218
Due from the Manager, net	567	-
Other receivables	1	2
Deposits with financial institutions	7,994	13,433
Cash at banks	858	13,932
	249,351	266,585
Liabilities		
Due to the Manager, net	-	106
Due to the Trustee	12	14
Other payables	111	93
Distribution payable	-	12,802
	123	13,015
Total net assets	249,228	253,570
Net asset value ("NAV") attributable to unitholders (Total equity)	249,228	253,570
Units in circulation (in '000)	851,786	853,497
NAV per unit (in sen)	29.26	29.71

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	123	251
Dividend income	549	585
Net (loss)/gain from investments	(632)	2,753
Net realised/unrealised foreign exchange (loss)/gain	(582)	578
	(542)	4,167
Less: Expenses		
Trustee's fee	82	69
Management fee	2,305	1,888
Audit fee	3	3
Tax agent's fee	1	1
Brokerage fee	547	346
Administrative fees and expenses	96	88
	3,034	2,395
Net (loss)/income before taxation	(3,576)	1,772
Taxation	(55)	(58)
Net (loss)/income after taxation	(3,631)	1,714
Net (loss)/income after taxation is made up as follows:		
Realised	(2,975)	(5,367)
Unrealised	(656)	7,081
	(3,631)	1,714

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	174,332	33,133	207,465
Creation of units	44,160	-	44,160
Cancellation of units	(15,230)	-	(15,230)
Net income after taxation	-	1,714	1,714
As at 28 February 2017	203,262	34,847	238,109
As at 1 September 2017	218,350	35,220	253,570
Creation of units	21,989	-	21,989
Cancellation of units	(22,700)	-	(22,700)
Net loss after taxation	-	(3,631)	(3,631)
As at 28 February 2018	217,639	31,589	249,228

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	69,830	33,652
Purchase of investments	(71,720)	(51,366)
Subscription of rights	-	(1,270)
Maturity of deposits	964,387	1,924,942
Placement of deposits	(958,948)	(1,937,626)
Interest income received	124	251
Net dividend income received	491	575
Trustee's fee paid	(84)	(69)
Management fee paid	(2,363)	(1,889)
Audit fee paid	(4)	(4)
Payment of other fees and expenses	(76)	(89)
Net cash inflow/(outflow) from operating activities	1,637	(32,893)
Cash flows from financing activities		
Cash proceeds from units created	21,197	42,006
Cash paid on units cancelled	(22,523)	(16,860)
Distribution paid	(12,802)	(3,519)
Net cash (outflow)/inflow from financing activities	(14,128)	21,627
Net decrease in cash and cash equivalents	(12,491)	(11,266)
Effect of change in foreign exchange rates	(583)	513
Cash and cash equivalents at the beginning of the financial period	13,932	12,105
Cash and cash equivalents at the end of the financial period	858	1,352