Fund Information

Fund Name

Public Greater China Fund (PGCF)

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 greater China region namely in Hong Kong, China and Taiwan markets and including China based companies listed on overseas markets.

Fund Performance Benchmark

The benchmark of the Fund is the MSCI Golden Dragon Index.

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Fund Distribution Policy

Incidental

Breakdown of Unitholdings of PGCF as at 31 May 2018

Size of holdings	No. of unitholders	% of unitholders	No. of units held (million)
5,000 and below	2,021	12.36	8
5,001 to 10,000	2,986	18.27	22
10,001 to 50,000	7,168	43.86	181
50,001 to 500,000	3,960	24.23	529
500,001 and above	209	1.28	248
Total	**16,344**	**100.00**	**988**

Note: Excluding Manager's Stock.

Total Return for the Following Period Ended 31 May 2018

	Total Return of PGCF (%)
Since commencement	-1.68*

** The figure shown is for period since Fund commencement (15 November 2017).*

Note: Average total return is not appropriate as total return for PGCF 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 26 October 2017 to 31 May 2018

	2018
Unit Prices (MYR)	
Highest NAV per unit for the period	0.2591
Lowest NAV per unit for the period	0.2350
Net Asset Value (NAV) and Units in Circulation (UIC) as at the End of the Period	
Total NAV (MYR'000)	243,436
UIC (in '000)	990,299
NAV per unit (MYR)	0.2458
Total Return for the Period (%)	**-1.68**
Capital growth (%)	-1.44
Income (%)	-0.24
Management Expense Ratio (%)	**1.70**
Portfolio Turnover Ratio (time)	**0.66**

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 May (Percent of NAV) 2018 %
EQUITY SECURITIES	
Quoted	
Outside Malaysia	
Hong Kong	
Communications	10.5
Consumer, Cyclical	4.4
Consumer, Non-cyclical	5.3
Diversified	1.0
Energy	3.6
Financial	23.3
Industrial	1.9
Utilities	1.0
	51.0
Korea	
Technology	1.2
Taiwan	
Basic Materials	1.0
Communications	0.9
Consumer, Non-cyclical	0.8
Financial	3.1
Industrial	2.2
Technology	9.7
	17.7
United States	
Communications	11.6
Consumer, Non-cyclical	1.3
Technology	0.3
	13.2
TOTAL QUOTED EQUITY SECURITIES	**83.1**
COLLECTIVE INVESTMENT FUNDS	
Quoted	
Outside Malaysia	
Hong Kong	
Financial	0.3
TOTAL QUOTED COLLECTIVE INVESTMENT FUNDS	**0.3**
DEPOSITS WITH FINANCIAL INSTITUTIONS	**13.7**
OTHER ASSETS & LIABILITIES	**2.9**

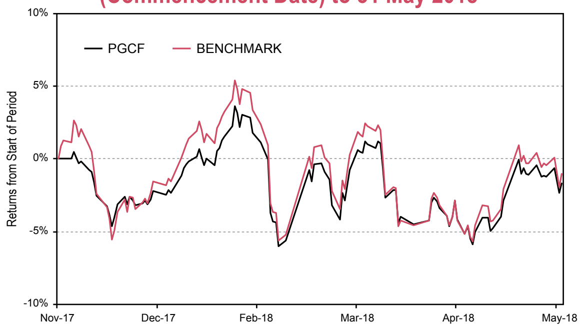
Overview

For the purpose of this first Interim Report, the financial period under review covers the period from its commencement on 15 November 2017 (being the last day of the initial offer period) to 31 May 2018.

Public Greater China Fund (PGCF 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 greater China region namely in Hong Kong, China and Taiwan markets and including China based companies listed on overseas markets.

For the financial period under review, the Fund registered a return of -1.68% as compared to its Benchmark's return of -0.99%. The Fund's equity portfolio registered a return of -0.96% while its money market portfolio registered return of +1.71% during the financial period under review. A detailed performance attribution analysis is provided in the sections below.

Performance of PGCF from 15 November 2017 (Commencement Date) to 31 May 2018



The Fund's Benchmark is the MSCI Golden Dragon Index which is a market capitalisation-weighted index designed to represent the performance of the equity markets of China, Taiwan and Hong Kong.

Effect of Distribution Reinvestment on Portfolio Exposures

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

Change in Portfolio Exposures from 15-Nov-17 to 31-May-18

	15-Nov-17 (Commencement Date)	31-May-18	Change	Average Exposure
Equities & Related Securities	0.0%	83.4%	+83.4%	83.46%
Money Market	100.0%	16.6%	-83.4%	16.54%

Returns Breakdown by Asset Class

	Returns On Investments	Market / Benchmark Returns	Benchmark Index Used	Average Exposure	Attributed Returns
Equities & Related Securities	-0.96%	-0.99%	Benchmark	83.46%	-0.80%
Money Market	1.71%	1.66%	Overnight Rate	16.54%	0.28%
less: Expenses					-1.16%
Total Net Return for the Period					-1.68%

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 -0.96% as compared to the Benchmark's return of -0.99%.

Following its commencement, the Fund's equity exposure was increased to 83.4% by the end of the financial period under review to capitalise on investment opportunities in the greater China markets. Based on an average equity exposure of 83.46%, the Fund's equity portfolio is deemed to have registered a return of -0.80% 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, 4 countries accounted for 83.4% of the Net Asset Value (NAV) of the Fund and 100.0% of the Fund's equity portfolio. The weightings of the 4 countries are in the following order: Hong Kong (51.3%), Taiwan (17.7%), the United States (13.2%) and Korea (1.2%).

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 +1.71%. In comparison, the Bank Negara Weighted Average Overnight Rate (Overnight Rate) registered a return of +1.66% over the same period.

Since its commencement, the Fund's exposure to money market investments was gradually reduced to 16.6% at the end of the financial period under review as funds were mobilised into equity investments. Based on an average exposure of 16.54%, the money market portfolio is estimated to have contributed +0.28% to the Fund's overall return for the financial period under review.

Stock Market Review

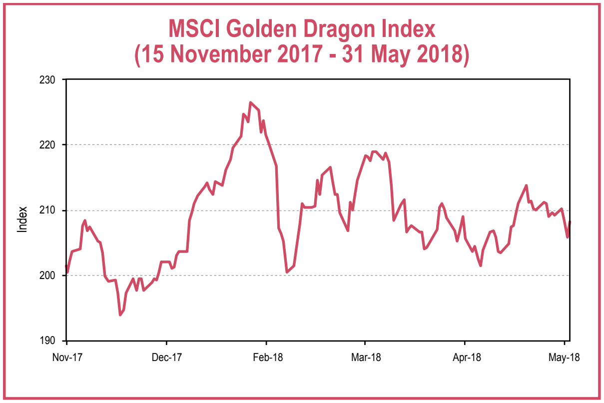
Commencing the financial period under review at 200.50 points, the Greater China equity markets, as proxied by the Morgan Stanley Capital International (MSCI) Golden Dragon Index, retraced in late November 2017 amid concerns over China's deleveraging campaign following a spike in long-term government bond yields. The Index subsequently rallied in December 2017 and January 2018 amid positive sentiment post the Central Economic Work Conference and the central bank's announcement to ease liquidity conditions in China.

The MSCI Golden Dragon Index corrected sharply alongside global equity markets in early February 2018 amid concerns over inflationary pressures and the prospect of faster-than-expected interest rate hikes in the U.S. After a brief rebound, the Index retraced in late March 2018 amid escalating trade tensions between the U.S. and China following President Trump's announcement that the U.S. would impose 25% tariffs on up to US$60 billion of annual imports from China. The MSCI Golden Dragon Index traded range-bound in April and May 2018 and closed at 208.21 points to register a gain of 3.85% (-0.99% in Ringgit terms) 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 657.71 points. The Index moved higher over the remainder of 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 from 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 2.37% (-2.40% in Ringgit terms) for the financial period under review.

Regional markets, namely the Malaysia and Korea markets, registered returns of +1.02% and -5.35% (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 2,564.62 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. 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.

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. 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. The S&P 500 Index closed at 2,705.27 points to register a gain of 5.48% (+0.57% in Ringgit terms) for the financial period under review.

Money Market Review

The Overnight Rate commenced the financial period under review at 2.93% and ended the financial period under review higher at 3.22%.

Economic Review

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.

Led by slower new orders and production levels, China's manufacturing Purchasing Managers' Index (PMI) eased to 51.3 points in the first five months of 2018 compared to 51.6 points for the whole of 2017. Meanwhile, growth in China's fixed-asset investment moderated to 7.0% in the first four months of 2018 versus the 7.2% growth registered in 2017.

China's export growth strengthened to 13.7% in the first four months of 2018 from 7.9% in 2017 amid higher demand from the U.S. and Japan. Meanwhile, import growth increased to 19.6% from 15.9% over the same period. China's cumulative trade surplus narrowed to US$77 billion in the first four months of 2018 from US$103 billion in the corresponding period of the prior year.

To support China's economic activities, the People's Bank of China (PBoC) maintained its lending rate at 4.35%.

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. Residential property prices, as measured by average sales price indices of new homes in 70 large and medium-sized cities, rose at a slower pace of 5.5% in the first four months of 2018 from an increase of 8.2% in 2017.

To prevent the overheating of property prices in selected cities such as Shanghai and Shenzhen, the Chinese government implemented tightening measures in March 2016. These tightening measures were further expanded to more provincial cities and other smaller cities from late August 2016 until September 2017.

The Chinese Renminbi is included in the International Monetary Fund's Special Drawing Rights (SDR) basket effective 1 October 2016.

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.

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 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.

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 on the back of 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.

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.

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. Consumer spending is expected to be underpinned by the government's ongoing policies to boost household incomes. 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.

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.

Based on closing prices as at end-May 2018, the MSCI China Index was trading at an estimated P/E ratio of about 13.2x compared to its 10-year average of 11.6x.

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 achieving capital growth over the medium to long-term period by investing in a portfolio of investments primarily in the greater China region namely in Hong Kong, China and Taiwan markets and including China based companies listed on overseas markets.

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, PGCF 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.

The following pages are extracts of the audited financial statements of the Fund for the financial period from 26 October 2017 to 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

	MYR'000
Assets	
Investments	203,033
Due from the Manager, net	1,204
Other receivables	563
Deposits with financial institutions	33,456
Cash at banks	5,236
	243,492
Liabilities	
Due to the Trustee	13
Other payables	43
	56
Total net assets	243,436
Net asset value ("NAV") attributable to unitholders (Total equity)	243,436
Units in circulation (in '000)	990,299
NAV per unit (in sen)	24.58

Statement of Income and Expenditure
For the Financial Period from 26 October 2017 to 31 May 2018

	MYR'000
Income	
Interest income	565
Dividend income	786
Net loss from investments	(347)
Net realised/unrealised foreign exchange loss	(561)
	443
Less: Expenses	
Trustee's fee	67
Management fee	1,761
Audit fee	3
Tax agent's fee	1
Brokerage fee	706
Administrative fees and expenses	58
	2,596
Net loss before taxation	(2,153)
Taxation	(28)
Net loss after taxation	(2,181)
Net loss after taxation is made up as follows:	
Realised	(1,886)
Unrealised	(295)
	(2,181)

Extracts Of Financial Statements (cont'd)

Statement of Changes in Net Asset Value
For the Financial Period from 26 October 2017 to 31 May 2018

	Unitholders' capital MYR'000	Accumulated loss MYR'000	Total MYR'000
As at 26 October 2017	-	-	-
Creation of units	247,270	-	247,270
Cancellation of units	(1,653)	-	(1,653)
Net loss after taxation	-	(2,181)	(2,181)
As at 31 May 2018	245,617	(2,181)	243,436

Statement of Cash Flows

For the Financial Period from 26 October 2017 to 31 May 2018

	MYR'000
Cash flows from operating activities	
Proceeds from sale of investments	14,817
Purchase of investments	(218,520)
Maturity of deposits	4,297,889
Placement of deposits	(4,331,345)
Interest income received	562
Net dividend income received	200
Trustee's fee paid	(54)
Management fee paid	(1,417)
Payment of other fees and expenses	(20)
Net cash outflow from operating activities	(237,888)
Cash flows from financing activities	
Cash proceeds from units created	245,722
Cash paid on units cancelled	(1,653)
Net cash inflow from financing activities	244,069
Net increase in cash and cash equivalents	6,181
Effect of changes in foreign exchange rates	(945)
Cash and cash equivalents at the end of the financial period	5,236