



Discovering Long-Term Growth Opportunities in the Japan and Global Markets

Investors seeking to capitalise on growth opportunities in the world's third-largest economy and other global equity markets may consider investing in Public Japan Global Equity Fund (PJGEF).

To achieve capital growth over the long term, PJGEF will primarily invest in a portfolio of blue chips, index stocks and growth stocks in Japan and the global markets which are underpinned by resilient fundamentals, attractive growth prospects and reasonable valuations.

At least 30% of PJGEF's net asset value (NAV) will be invested in the Japan market, with the balance invested in the U.S., Europe and the Asia Pacific region. The Fund will invest 75% to 98% of its NAV in equities, with the balance invested in fixed income securities and liquid assets.

Why Japan?

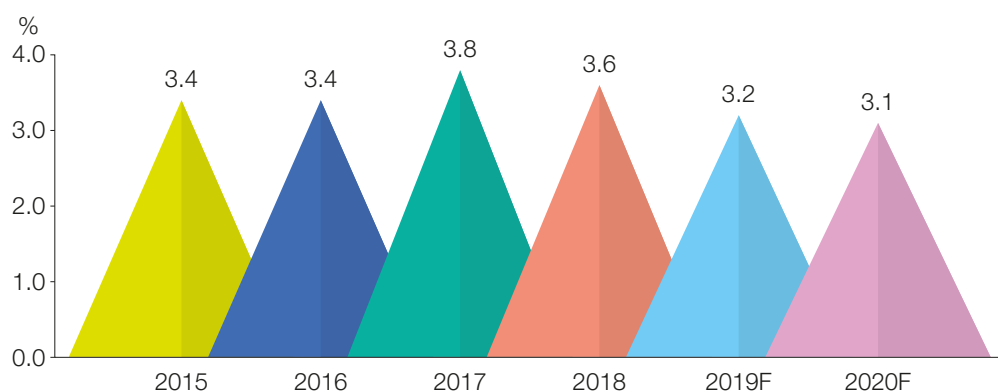
Japan is the third-largest economy in the world and accounted for 6%¹ of the global gross domestic product (GDP) in 2018. Its economy is supported by a stable job market, with growth in wages gaining pace in recent years. Japan also benefits from robust inbound tourism as it continues to be a popular destination among tourists. Meanwhile, accommodative monetary policies by the Bank of Japan and the potential acceleration in fiscal stimulus are anticipated to sustain Japan's economic activities.

In addition, Japanese equities are underpinned by below-trend valuations, with the Tokyo Stock Price Index (TOPIX) trading at a prospective P/E ratio of 13.0x as at 30 September 2019, which is at a 24.0% discount to its 10-year historical average. Meanwhile, the profitability of Japanese corporations has improved, with corporate pretax profit margins rising above 7% in recent years as compared to the 4% registered in the late 1980s.

¹ IMF World Economic Outlook (April 2019)

² Source: Bloomberg consensus

Figure 1: Real Global GDP Growth Trend



Source: Bloomberg consensus

PJGEF	Total Return in Ringgit (%)	Annualised Return in Ringgit (%)
	3-Year	3-Year
Benchmark Return	+23.2	+7.2

Source: Lipper, data as at 30 September 2019

(Note: Historical performance is not an indication of future performance.)

This has also enabled Japanese companies to reward shareholders with higher dividends, as evidenced by the TOPIX's dividend yield of around 2.5% currently compared to less than 1.0% in the 1990s.

Japanese companies are poised to capitalise on opportunities in the China market due to the ongoing trade dispute between the U.S. and China. Japanese semiconductor and automation equipment producers stand to receive increased orders from Chinese clients that are seeking alternative sources of supply instead of sourcing from American suppliers amid uncertainties surrounding their business operations prior to a trade resolution.

Global Economic Outlook

The global economy continues to be supported by the sustained pace of the U.S. economy as well as the emerging economies, with real GDP growth estimated to remain fairly resilient at 3.2%² and 3.1%² in 2019 and 2020 respectively (Figure 1). The potential increase in fiscal and monetary stimulus measures in selected regional and global economies is also likely to lend support to the financial markets.

The Fund's Benchmark

The benchmark of PJGEF is a composite index comprising 40% TOPIX Core 30 Index, 25% Dow Jones Industrial Average, 25% customised index based on the top 30 constituents of the S&P BMI Asia Ex-Japan Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR). For the 3-year period ended 30 September 2019, the benchmark registered an annualised return of +7.2%.

Sectors of Focus for PJGEF

Investing in PJGEF allows investors to participate in the long-term growth prospects of the global economy as well as the third-largest economy in the world, Japan. PJGEF will look to invest in a portfolio of selected technology, consumer, healthcare and industrial stocks in the Japan and global markets where earnings growth rates are projected to outpace the broader markets.

You are advised to read and understand the contents of the Prospectus of Public Japan Global Equity Fund dated 3 December 2019 and the fund's Product Highlights Sheet (PHS) before investing. The Prospectus has been registered with Securities Commission Malaysia who takes no responsibility for its contents, and neither should its registration be interpreted to mean that Securities Commission Malaysia recommends the investment. You should also note that there are fees, charges and risks involved when investing in unit trust funds; and that the prices of all units and distribution(s) payable, if any, may go down as well as up. Please refer to the Prospectus and PHS for information pertaining to the above. Past performance of the fund and/or the fund's benchmark is not an indication of the fund's future performance. Applications to purchase units must come in the form of a duly completed application form referred to in and accompanying the Prospectus. A copy of the Prospectus and PHS can be obtained from your attending unit trust consultant, nearest Public Mutual Branch/Customer Service Centre or viewed from our website.