

Public e-Pioneer Entrepreneur Fund

Capitalise on the Long-term Prospects of Founder-led Companies

The success of numerous innovative start-up companies over the past decades has highlighted the success of entrepreneurs and founders who have been the driving force behind such accomplishments. Besides having the foresight to capitalise on untapped market potential, these corporate founders also tend to be highly motivated and involved in the operational aspects of the business as they often view the company as their life's work.

Therefore, investors who seek to venture alongside such founders may look to diversify their investments through the Public e-Pioneer Entrepreneur Fund (PePEF).

Why Invest in PePEF?

The Fund invests primarily in founder-led companies, which tend to benefit from:



Better Innovation

A U.S. study shows that founder-led companies tend to create more patents compared to firms managed by professional chief executive officers (CEOs)¹. This drive to innovate and willingness to invest for the longer term is largely credited to the founders' tendency to be more hands-on in their business operations.



Greater Adaptability

Founders are often in the best position to decisively act on adapting or revamping their business models to accommodate the ever-changing business climate. This may allow founder-led firms to undertake cost rationalisation decisions during economic downturns and to rapidly scale up their businesses to capitalise on improving prospects during economic recoveries.



Long-term Sustainability

As the growth and success of their companies tend to serve as their legacy, founders have a strong vested interest in focusing on long-term plans to ensure the sustainability of the company, as opposed to short-term gains. Additionally, founders are also more aligned with shareholders' interests as most of them have stakes within their respective companies.



Opportunity to Participate in Sectors with Growth Potential

Technology

- The Fund may look to invest in founder-led tech companies which are poised to ride on the long-term structural trends of artificial intelligence, autonomous driving and cloud computing.
- The higher levels of innovation inherent in founder-led firms better position these companies to thrive when it comes to leading-edge technological trends.



Fintech

- This sector is fast emerging as the next wave of growth, driven by the rising adoption of online banking and electronic payment services globally.
- The Fund may look to invest in selected fintech companies which are pioneers / start-ups noted for their innovations and proven business models given the fintech sector's long-term potential.



¹ Lee, Joon Mahn and Kim, Jongsoo and Bae, Joonhyung, Founder CEOs and Innovation: Evidence from S&P 500 Firms (February 17, 2016)



Communications

- A number of founder-led companies are leveraged to the roll-out of 5G mobile networks and devices as well as Internet-based services. These firms stand to benefit from our increasingly digitalised lifestyles as well as from the increasing adoption of next-generation communications technology within the corporate and manufacturing environments.

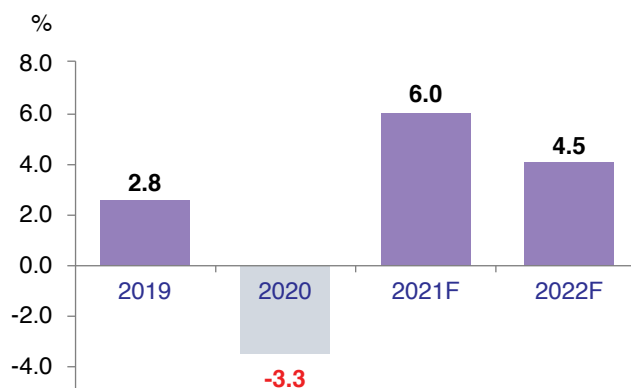


Cyclicals

- The recovery in global economic activities amid the roll-out of vaccines and the easing of movement restrictions bodes well for cyclical industries such as:
 - Industrials
 - Manufacturing
 - Automotive
 - Tourism-related sectors
- As founder-led companies are likely to adapt quicker to changes in the business climate, they are better-positioned to capitalise on the growth prospects of an economic upcycle.

Improved Outlook for the Global Economy

Figure 1: Global GDP Growth Trend



Source: Bloomberg consensus

Following a contraction of 3.3%² in 2020 due to Covid-19 related shutdowns and social distancing measures, the global economy is expected to rebound by 6.0%² in 2021 and further expand by 4.5%² in 2022, driven by:

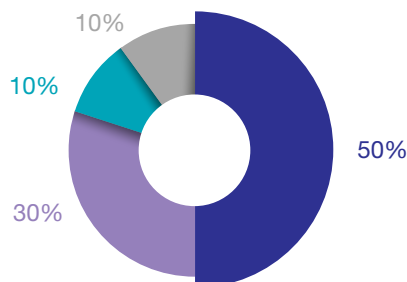
- The roll-out of Covid-19 vaccinations worldwide.
- Continued global policy responses to revive consumer and investment spending, including the U.S.' latest US\$1.9 trillion stimulus package.

Looking ahead, global trade and consumption are on track for a recovery amid:

- Easing movement restrictions
- Stronger manufacturing & services activities of major economies.

The Fund's Benchmark

PePEF's benchmark is a composite index comprising the following:



- Dow Jones Industrial Average
- Customised index by S&P Dow Jones Indices, LLC based on the top 30 constituents of the S&P BMI Asia Ex-Japan Index
- TOPIX Core 30 Index
- 3-Month Kuala Lumpur Interbank Offered Rate (KLIBOR)

The table below shows the historical returns of PePEF's benchmark:

Benchmark	Performance in MYR (%) [*]	
	1-Year	3-Year
Total Return	28.42	38.83

^{*} Data as at 15 June 2021

Source: Lipper, S&P Dow Jones Indices, LLC & Bank Negara Malaysia

Note: Past performance of the benchmark is not a reliable indicator of future performance.

Fund's Features

- Invests in a portfolio primarily consisting of pioneer entrepreneur stocks[^], while up to 20% of net asset value (NAV) may be invested in other stocks.
- Invests 75% to 98% of NAV in equities globally.
- Minimum investment of only RM100 via Public Mutual Online.

² Bloomberg consensus

[^] Refers to stocks of companies where the founder of the company is part of the company's management team and/or sits on the company's board of directors at the point of purchase.

Investors are advised to read and understand the contents of the Prospectus of Public e-Pioneer Entrepreneur Fund dated 29 July 2021 and the fund's Product Highlights Sheet (PHS) before investing. Investors should understand the risks of the fund and compare and consider the fees, charges and costs involved in investing in the fund. A copy of the Prospectus and PHS can be viewed at our website www.publicmutual.com.my. Investors should make their own assessment of the merits and risks of the investment. If in doubt, investors should seek professional advice. Please refer to www.publicmutual.com.my for our investment disclaimer.