

# Capitalise on Evolving Opportunities amid Asia's Changing Business Cycles

Investors who wish to gain exposure to growth companies primarily in the Asian region that are poised to benefit from structural shifts in the economy may invest in Public e-Asia Evolving Growth Fund (PeAEVGF).

PeAEVGF is a regional equity fund which seeks to achieve capital growth over the long term by investing 75% to 98% of its net asset value (NAV) in stocks of companies that benefit from evolving themes amid changing business cycles primarily in the Asian region. The balance of the Fund's NAV will be invested in fixed income securities and liquid assets.

The Fund also has the flexibility to diversify up to 25% of its NAV to other markets outside of Asia where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO).

As the Fund is offered under the Public e-Series of Funds, investors have the convenience of investing in the Fund through the Public Mutual Online (PMO) platform with a minimum initial investment amount of RM100.



## Investment Opportunities amidst Changing Business Cycles

PeAEVGF aims to capitalise on investment opportunities amid changes in the economic / business cycles primarily within the Asian region. During periods of economic expansion or market upcycles, the Fund will seek to invest in stocks that are poised to benefit from the uptrend. On the other hand, the Fund may look to position in companies with resilient earnings to ride through market cycles during periods of slower economic growth or increased market volatility.

Meanwhile, PeAEVGF also seeks to ride on long-term trends and structural shifts in the economy – such as digitalisation, environmental awareness and Asia's growing consumption.

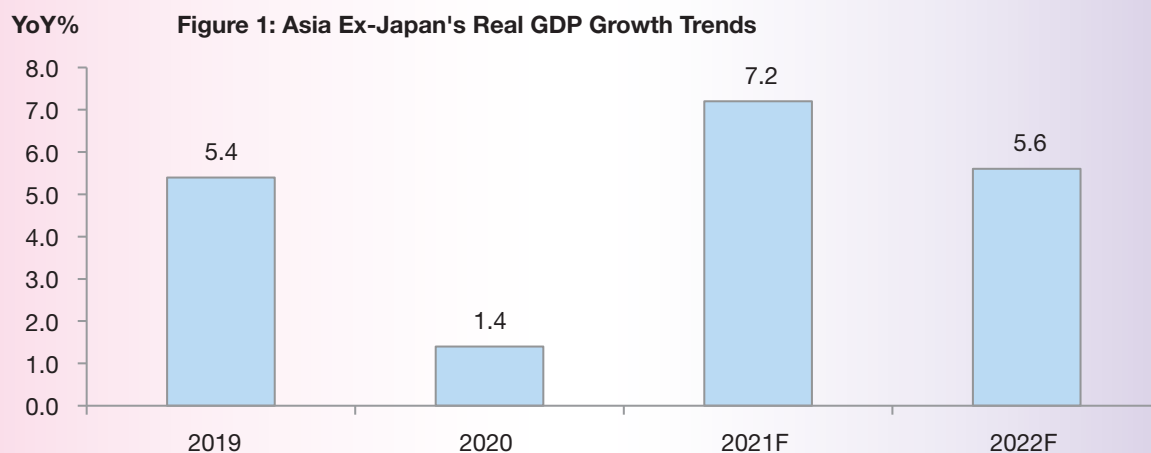
The rising adoption of technology is driving technological advancement, with the increasing use of digital solutions to facilitate social-distancing measures in the new normal. The increased time spent on digital media and the rise in online

shopping amid stay-at-home and social-distancing practices have spurred the growth of the Internet and e-commerce sectors.

Meanwhile, the increase in environmental awareness is spurring the global drive for lower carbon emissions and greener energy sources. This, in turn, is accelerating investments in green technology such as electric vehicles, as well as advancements in battery technology and charging infrastructure.

Closer to home, the growing population and middle-class in Asia is driving the growth of Asian consumption, which is propelled by consumers seeking to upgrade to better-quality products in tandem with the pursuit of an enhanced quality of life.

PeAEVGF will look to invest in themes that are changing the global landscape such as those exemplified above, amongst others.



Source: Bloomberg consensus

### Asian Economies on Track for Recovery

The economies of the Asia ex-Japan region are envisaged to register a robust growth of 7.2%<sup>1</sup> in 2021 amid improved domestic demand and exports among the key economies of North and South-East Asia, supported by the re-opening of economies following widespread Covid-19 vaccinations. Moving into 2022, Asia ex-Japan's economy is envisaged to expand by 5.6%<sup>1</sup> in tandem with the anticipated global economic recovery.

On the North Asian front, China's economic growth is envisaged to expand by 8.2%<sup>1</sup> in 2021 before normalising to 5.5%<sup>1</sup> in 2022. Over the longer term, the economy is expected to be supported by higher capital investments in advanced technologies and renewables as well as the nation's ongoing transition from an export-driven to a consumption-led economy.

Meanwhile, resilient exports of semiconductor chips and electronic-related products will help underpin the economies of other North Asian countries such as South Korea and Taiwan. Following a contraction of 0.9%, South Korea's real gross domestic product (GDP) is anticipated to rebound by 4.0%<sup>1</sup> in 2021 and further expand by 3.0%<sup>1</sup> in 2022. Meanwhile, Taiwan's real GDP growth is envisaged to

accelerate to 6.0%<sup>1</sup> in 2021 from 3.1% in 2020, before subsequently normalising to 3.3%<sup>1</sup> in 2022.

Meanwhile, the growth of the ASEAN economies is projected to gain pace in 2021 as domestic consumer and investment spending recover, in tandem with the easing of movement restrictions in selected ASEAN countries on the back of higher Covid-19 vaccination rates.

Export-oriented ASEAN economies with exposure to electronics such as Malaysia, Singapore and Vietnam are expected to continue to benefit from sustained global demand for electronic products (i.e. semiconductors and telecommunications products). Meanwhile, higher commodity prices (e.g. crude oil and palm oil) will benefit commodity exporters in Malaysia and Indonesia.

Overall, ASEAN's economic growth should gain momentum into 2022 as vaccines continue to be rolled out, leading to the re-opening of businesses as well as borders for tourism. In addition, monetary and fiscal policies are expected to remain accommodative to support the recovery of the ASEAN economies.

<sup>1</sup> Source: Bloomberg consensus

## Sectors that PeAEVGF May Focus On

PeAEVGF may seek to invest in selected stocks within the regional technology, consumer and financial sectors to benefit from the varying business and economic growth trajectories across Asia.



### i) Technology

The increasing adoption of digital products and services globally will continue to drive growth in the technology sector. This will be bolstered by the rising adoption of new technologies such as 5G, artificial intelligence, cloud computing and electric vehicles. Hence, the Fund may look to be positioned in companies operating in these segments which offer attractive long-term prospects and resilient earnings growth.



### ii) Consumer

Consumer stocks are seeing positive and resilient earnings momentum following pent-up demand and the gradual recovery in global economic activities. Over the medium to longer term, these stocks are poised to benefit from improved consumer spending on the back of the growing middle-income population and the increasing demand for better-quality consumer goods. The Fund may focus on investing in quality consumer companies with stable growth profiles and strong balance sheets, as well as selected consumer stocks that will benefit from the shift in consumption trends in the new normal following the global pandemic.



### iii) Financial

Banking and financial institutions are proxies to their respective underlying economies and will be leveraged to the recovery of regional and global economic activities amid the re-opening of economic sectors as vaccination rates increase. The Fund may also look to invest in financial stocks that may benefit from changes in the interest rate cycle.

## The Fund's Benchmark

The benchmark of PeAEVGF is a composite index of 90% customised index by S&P Dow Jones Indices, LLC based on the top 30 constituents of the S&P BMI Asia ex-Japan Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate.

For the 3-year and 5-year periods ended 30 September 2021, the Fund's benchmark registered respective total returns of +27.75% and +60.10%, or +8.48% and +9.86% respectively on an annualised basis (see Table 1).

**Table 1: Historical Returns of PeAEVGF's Benchmark**

	Performance in MYR (%)'		
	1-Year	3-Year	5-year
Total Return	8.73	27.75	60.10
Annualised Return	8.73	8.48	9.86

\*Data as at 30 September 2021

Sources: Lipper and Bank Negara Malaysia

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

Investors are advised to read and understand the contents of the Prospectus of Public e-Asia Evolving Growth Fund dated 30 November 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 with investing in the fund. A copy of the Prospectus and PHS can be viewed at our website [www.publicmutual.com.my](http://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](http://www.publicmutual.com.my) for our investment disclaimer.