

Public e-AI-Mutawazan Strategy Fund

Navigate Market Volatility through a Balanced Portfolio Approach

Public e-AI-Mutawazan Strategy Fund (PeMZSF) is a domestic Islamic balanced fund which aims to achieve capital growth over the long term through a balanced asset allocation approach, with each of the Shariah-compliant equity and sukuk asset classes allowed to range from 35% to 65% of the Fund's net asset value (NAV).

The Fund's equity portfolio will invest primarily in Shariah-compliant equities of domestic companies which have the potential to generate earnings growth over the long term.

To achieve enhanced diversification, PeMZSF may invest up to 25% of its NAV in selected foreign markets which include China, Hong Kong, South Korea, Taiwan, Singapore, Thailand, Indonesia, the United States (U.S.) and other permitted markets.

PeMZSF, which is offered under the Public e-Series of Shariah-based Funds, also provides investors with the convenience of making their investments through the Public Mutual Online (PMO) platform with a minimum initial investment amount of RM100.

Benefits of Investing in Balanced Funds

Investing in balanced funds provides numerous benefits such as a portfolio that is diversified and rebalanced from time to time, as well as less volatile returns¹ in pursuit of capital growth over the long term.

The overall portfolio risk of a balanced fund is reduced as its portfolio is diversified across a variety of equity and fixed income securities. Additionally, in the event of extreme market fluctuations, balanced funds will rebalance their portfolios back to within the allocated range for each of their asset classes.

The returns of a balanced fund are also less volatile compared to an equity fund as the potentially higher but more volatile returns from equity investments are moderated by the lower and more stable returns of the fund's investment in fixed income securities. As a result, the returns of a balanced fund tend to be less volatile than that of an equity fund.



Despite a lower volatility of returns, a balanced fund still allows investors to participate in the long-term capital growth of the equity markets as, in the case of PeMZSF, a sizeable portion of up to 65% of the Fund's NAV is invested in equities.

Improved Outlook for the Domestic and Global Economy

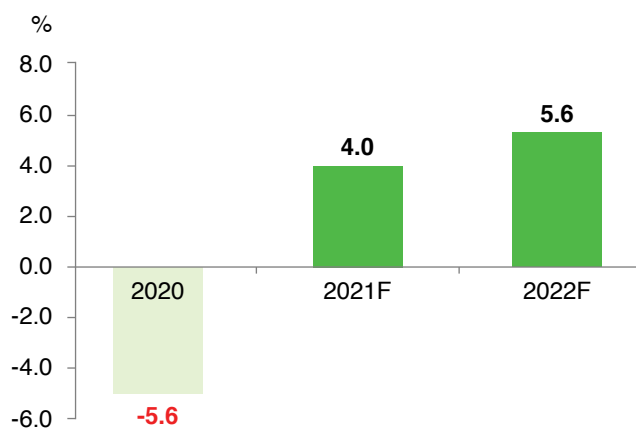
Following a contraction of 5.6%² in 2020 due to Covid-19 related shutdowns and social distancing measures, the domestic economy is projected to rebound by 4.0%² in 2021 and further expand by 5.6%² in 2022, driven by the roll-out of Covid-19 vaccinations as well as improved domestic consumption expenditure and continued development spending.

Looking ahead, major regional and global markets are also on track for a recovery amid easing movement restrictions and robust earnings growth. Global trade activities may also be bolstered by progress in trade negotiations between the U.S. and China.

¹ As compared to equity funds

² Bloomberg consensus

Figure 1: Malaysia's Gross Domestic Product (GDP) Growth Trend



Source: Bloomberg consensus

Sectors that PeMZSF's Equity Portfolio May Focus On

PeMZSF may look to invest in Shariah-compliant stocks of companies listed on the domestic and, to a certain extent, global markets that offer attractive growth prospects and resilient earnings profiles within the technology, consumer, Internet/ e-commerce and healthcare sectors.

The Fund may invest in technology companies which potentially offer attractive long-term growth prospects in segments such as 5G, artificial intelligence (AI), cloud computing and electric vehicles. These companies are positioned to benefit from the increasing digitalisation of the corporate and consumer environments globally as well as the recent breakthroughs in the fields of AI and autonomous driving.

The consumer sector is anticipated to benefit from the resumption of business activities and a rebound in consumer spending following the gradual recovery in global economic activities. Over the longer term, the prospects of consumer stocks are underpinned by the continued global population growth as well as the rising disposable income and increasing urbanisation of the developing economies. The Fund may focus on investing in quality consumer companies which are backed by strong fundamentals, resilient earnings and positive long-term growth prospects that will benefit from the shift in consumption trends in the new normal following the global pandemic.

The outlook for the Internet and e-commerce sectors will continue to be bolstered by the increasing adoption of Internet-connected devices and services as more consumers resort to online activities, ranging from online shopping and home entertainment to social media and gaming. The Fund may look to invest in leading Internet and e-commerce companies which are poised to benefit from the global trends of an increasingly digitalised lifestyle, especially among millennials.

The long-term outlook for the healthcare sector is underpinned by the ageing demographic profile of the global population, demand for improved healthcare services as well as innovations in robotic surgery and new drug discoveries. The Fund will look to participate in companies which stand to benefit from these healthcare-related trends.

The Fund's Benchmark

PeMZSF's benchmark is a composite index comprising 60% FTSE Bursa Malaysia Hijrah Shariah Index and 40% 3-month Islamic Interbank Money Market rate.

For the 3-year, 5-year and 10-year periods ended 15 October 2021, the Fund's benchmark generated total returns of +3.75%, +4.98% and +36.21% respectively. The historical and annualised returns of the benchmark are stated in Table 1 below.

Table 1: Historical Returns of PeMZSF's Benchmark

Benchmark	Performance in MYR (%)*		
	3-Year	5-Year	10-Year
Total Return	3.75	4.98	36.21
Annualised Return	1.23	0.98	3.14

* Data as at 15 October 2021

Source: 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-Islamic Asia Thematic Growth Fund and Public e-AI-Mutawazan Strategy 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 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.