

# Ride on the Growth Potential of the Asia Pacific Markets with **Public Asia Pacific Alpha-40 Fund (PAPA40F)**



**I**nvestors seeking to tap into the growth potential of the Asian markets may consider investing in Public Asia Pacific Alpha-40 Fund (PAPA40F). Positioned as a regional equity fund, the Fund will invest in a concentrated portfolio of up to 40 stocks in the Asia Pacific region to generate alpha, which refers to returns above the benchmark.

To achieve long-term capital growth, PAPA40F will invest between 75% and 98% of its net asset value (NAV) in equities primarily in the Asia Pacific markets, with the balance invested in fixed income securities and liquid assets. Additionally, up to 25% of the Fund's NAV may be diversified to other permitted markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO).

As PAPA40F focuses its investments in a portfolio of up to 40 stocks, this allows the Fund to take concentrated positions on selected key stocks with good fundamentals and strong earnings growth potential.

## **Opportunities in the Asia Pacific Markets**

The Fund will invest primarily in the Asia Pacific region, which stands to benefit from the region's economic diversity, resilient consumption and attractive earnings growth.

Comprising diversified economies, the Asia Pacific region is home to developed markets (e.g. Japan, Korea & Singapore) as well as developing markets (e.g. China, Indonesia & Malaysia) and frontier markets (e.g. Vietnam); each of which offers differing competitive advantages and investment opportunities.

In addition, the Asia Pacific region is no longer merely the producer of goods for Western consumers, as the region's booming middle class is fuelling domestic consumption. Over the longer term, the consumption growth in Asia Pacific will also continue to be driven by the region's population growth, rising wages and rapid urbanisation.

Meanwhile, economic growth in the Asia Pacific region outpaces the global economy, with the longer-term growth outlook underpinned by rising consumption and increased innovations. Additionally, the regional markets are generally trading at valuations which are at discounts to their long-term historical averages.

## **Asia Pacific Economic Outlook**

Looking ahead, the economies of the Asia Pacific region are expected to benefit from continued domestic demand and exports among the key regional economies of China, Hong Kong, Japan, Korea, Taiwan and ASEAN. Regional economies with a competitive edge in electronic manufacturing are also well-positioned to benefit from the anticipated robust global demand for semiconductor-related products.

Meanwhile, export-oriented ASEAN economies such as Malaysia, Singapore and Vietnam stand to gain from sustained global demand for electronic products. The ASEAN region's economic growth momentum should gain strength 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.

## Sectors that PAPA40F May Invest In

PAPA40F may look to invest in sectors such as technology, consumer and sustainable/renewable energy solutions, which capitalise on the Asia Pacific region's rising consumption and increased innovations.



### Technology

The Fund may tap into the investment opportunities amid the continued adoption of e-commerce, e-payments, artificial intelligence and cloud computing amid the digitalisation trend. The roll-out of 5G networks globally as well as increased levels of autonomous driving also bode well for selected stocks within the sector.



### Consumer

The Fund may invest 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.



### Renewable / sustainable energy solutions

The Fund may invest in companies providing sustainable energy solutions such as solar and wind energy, as well as electric vehicles. This theme is set to gain traction in the coming years amid rising environmental awareness, the tightening of government regulations on greenhouse gas emissions, as well as advancements in battery technology and charging infrastructure.

## The Fund's Benchmark

The benchmark of PAPA40F is a composite index of 80% customised index by S&P Dow Jones Indices, LLC based on the top 30 constituents of the S&P BMI Asia ex-Japan Index, 10% Tokyo Stock Price Index and 10% 3-Month Kuala Lumpur Interbank Offered Rate.

For the 3-year and 5-year periods ended 29 October 2021, the Fund's benchmark registered respective total returns of +41.73% and +60.38%, or +12.34% and +9.91% respectively on an annualised basis (see Table 1).

**Table 1: Historical Returns of PAPA40F's Benchmark**

	Performance in MYR (%)*		
	1-Year	3-Year	5-Year
Total Return	7.26	41.73	60.38
Annualised Return	7.26	12.34	9.91

\* Data as at 29 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 Asia Pacific Alpha-40 Fund dated 10 December 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. 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.