

# Sustainable Investing through a Concentrated Portfolio



For sophisticated investors who are able to withstand the high volatility of the stock markets in pursuit of potentially higher returns over the long term, they may consider investing in Public e-Wholesale Sustainable 20 Fund (PeWS20F).

PeWS20F is the first wholesale fund offered under the Public e-Series of Funds with the objective to achieve capital growth over the long-term period by investing in stocks of companies listed on global markets which incorporate sustainability considerations (i.e. environmental, social and governance 'ESG' factors) into their business practices.

Positioned as an equity fund, the Fund will invest 75% to 98% of its net asset value (NAV) in equity and equity-related securities globally, with the balance invested in fixed income securities and liquid assets.

PeWS20F will adopt a concentrated portfolio by focusing on a maximum of 20 stocks, with exposure to a single stock of up to 20% of the Fund's NAV. This strategy allows the Fund to take concentrated positions in selected companies with positive long-term prospects and resilient earnings growth, which could provide opportunities for higher investment returns over the long run.

## Exclusively for Sophisticated Investors

Due to its concentrated portfolio, the Fund may exhibit a higher volatility of returns as compared to regular equity funds in times of elevated market volatility. Hence, PeWS20F is specifically designed only for sophisticated investors who are able to endure potentially volatile fund returns.

Sophisticated investors refer to any person who falls within any of the categories of investors set out in Part I, Schedules 6 and 7 of the Capital Markets & Services Act (CMSA) 2007<sup>1</sup>. These include, but are not limited to, an individual with a gross annual income exceeding RM300,000 or RM400,000 (jointly with his or her spouse) in the preceding 12 months, or an individual with a total net investment portfolio (or jointly with his or her spouse) in any capital market products (e.g. shares, bonds, unit trusts) exceeding RM1 million.

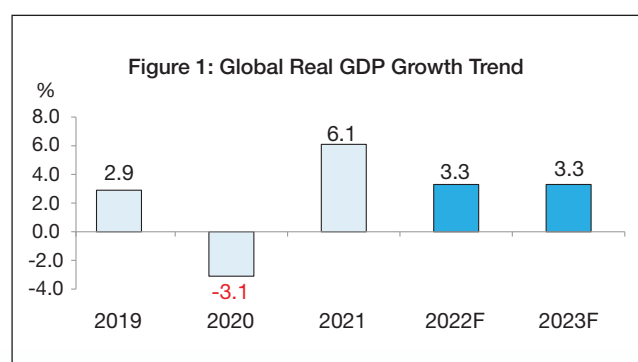
As PeWS20F is offered under the Public e-Series of Funds, investors have the convenience of investing in the Fund through the Public Mutual Online (PMO) platform with a minimum initial investment amount of RM5,000.

As the Fund may exhibit a higher volatility of returns compared to regular equity funds, investors are advised to adopt a long-term investment horizon of at least 5 years or longer as well as undertake Ringgit Cost Averaging (RCA) to allow time for their investments to grow while riding through extended periods of market highs and lows.

<sup>1</sup> For further details, please refer to Appendix A or consult our unit trust consultants.

## Global Economic Outlook

After rebounding by 6.1% in 2021, global economic growth is projected to moderate to 3.3%<sup>2</sup> annually in 2022 and 2023, weighed by rising inflationary pressures and global interest rates, a faster pace of monetary policy tightening by the U.S. Federal Reserve, as well as geopolitical tensions surrounding Ukraine. Nevertheless, global trade and consumption are expected to be underpinned by the lifting of mobility restrictions and the re-opening of international borders globally.



Sources: Bloomberg consensus

## Sectors which the Fund may Invest in

PeWS20F may look to invest in a portfolio of companies within the consumer, healthcare, financial, technology and communications-related sectors which incorporate sustainability considerations in their business practices and where their earnings growth is projected to outpace the broader markets.



### i. Consumer

Over the long term, consumer demand is expected to remain resilient, driven by the continued population growth, rising disposable income and increasing urbanisation across the world. The Fund may look to focus on established consumer companies with pricing power amid a rising inflation environment as well as those with wide geographical reach and stable growth profiles.



### ii. Healthcare

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



### iii. Financial

Global banking and financial institutions are proxies to their respective underlying economies and will be leveraged to the resumption of business operations and the re-opening of international borders. The Fund may also look to invest in financial stocks that may benefit from the rise in global interest rates.



### iv. Technology

The Covid-19 pandemic has accelerated the digitalisation of business processes and consumer lifestyles worldwide, which bodes well for the technology sector. The Fund may look to be positioned in technology companies within segments with attractive long-term growth prospects such as artificial intelligence, cloud computing and autonomous driving.



### v. Communications

The outlook for the communications sector will continue to be bolstered by the increasing adoption of Internet-connected devices and services as more consumers opt for online activities, ranging from online shopping and home entertainment to social media and gaming. The Fund may look to invest in leading Internet and communications-related companies which are poised to benefit from the global trends of our increasingly connected lifestyles.

## Historical Performance of Global ESG-rated Equities

For the 10-year period ended 31 May 2022, global ESG-rated equities, as proxied by the S&P Global 1200 ESG Index, registered a total return of +229.25%, or +12.65% on an annualised basis (see Table 1).

Table 1: Historical Returns of the S&P Global 1200 ESG Index

	Performance in MYR (%)*			
	1-Year	3-Year	5-Year	10-Year
Total Return	1.40	45.77	54.18	229.25
Annualised Return	1.40	13.37	9.04	12.65

\* Data as at 31 May 2022

Source: Lipper

Note: Past performance of the index is not a reliable indicator of the Fund's future performance.

<sup>2</sup> Bloomberg consensus

Investors are advised to read and understand the contents of the Information Memorandum of Public e-Wholesale Sustainable 20 Fund dated 5 July 2022 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 Information Memorandum 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.

## Appendix A

Sophisticated investors means any person who acquires unlisted capital market products where the consideration is not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise or as per defined in the Part I Schedule 6 and 7 of the Capital Markets & Services Act 2007 as below:

### (A) Accredited investors

1. a unit trust scheme, private retirement scheme or prescribed investment scheme;
2. Central Bank of Malaysia;
3. a licensed person or a registered person;
4. an exchange holding company, a stock exchange, a derivatives exchange, an approved clearing house, a central depository or a recognized market operator;
5. a corporation that is licensed, registered or approved to carry on any regulated activity or capital market services by an authority in Labuan or outside Malaysia which exercises functions corresponding to the functions of the SC;
6. a bank licensee or an insurance licensee as defined under the Labuan Financial Services and Securities Act 2010 [Act 704];
7. an Islamic bank licensee or a takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010 [Act 705];
8. a chief executive officer or a director of any person referred to in items 3, 4, 5, 6 and 7;
9. a closed-end fund approved by the SC.

### (B) High-net worth entities

10. a company that is registered as a trust company under the Trust Companies Act 1949 and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;
11. a corporation that –
  - (a) is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the Act and has assets under its management, exceeding RM10 million or its equivalent in foreign currencies; or
  - (b) is carrying on the regulated activity of fund management solely for the benefit of its related corporations and has assets under its management exceeding RM10 million or its equivalent in foreign currencies.
12. a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;
13. a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;
14. a statutory body established under any laws unless otherwise determined by the SC;
15. a pension fund approved by the Director General of Inland Revenue under the Income Tax Act 1967.

### (C) High-net worth individuals

16. an individual –
  - (a) whose total net personal assets, or total net joint assets with his or her spouse, exceeding RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
  - (b) who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies in the preceding 12 months;
  - (c) who jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies in the preceding 12 months; or
  - (d) whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse, in any capital market products exceeding RM1 million or its equivalent in foreign currencies.