

# Gaining Long-Term Sustainable Returns from Thematic Investing



Investors who want to capitalise on emerging trends in the regional markets may consider investing in Public e-Islamic Asia Thematic Growth Fund (PeIATGF). PeIATGF is the first Asia-focused Islamic equity fund offered under the Public e-Series of Shariah-based Funds; thereby enabling investors with the convenience of investing in the Fund through the Public Mutual Online (PMO) platform with a minimum initial investment of RM100.

The Fund seeks to achieve long-term capital growth by investing primarily in a portfolio of Shariah-compliant stocks in the region which benefit from key themes that offer earnings growth and are versatile to economic changes over the long term. The Fund invests 75% to 98% of its net asset value (NAV) in equities, with the balance in sukuk and Islamic liquid assets.

## Economic Outlook for the Regional Economy

Following a modest growth of 1.4% in 2020 due to pandemic-related shutdowns and movement restrictions, Asia ex-Japan's economic growth is projected to rebound to 7.2%<sup>1</sup> in 2021 before normalising to 5.6%<sup>1</sup> in 2022. The improvement in regional economic activities is expected to be driven by the easing of movement restrictions amid the roll-out of Covid-19 vaccinations, higher capital investments in advanced technologies and renewables, as well as the resilient exports of electronic-related products.

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% in 2020, 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.

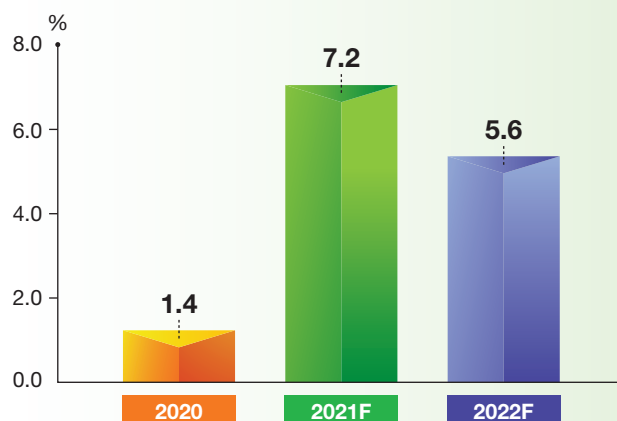


Figure 1: Asia (ex-Japan)'s GDP Growth Trend

<sup>1</sup> Bloomberg consensus

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.

### The Fund's Benchmark

PeLATGF's benchmark is a customised index by S&P Dow Jones Indices, LLC based on the top 100 constituents by market capitalisation of the S&P Shariah BMI Asia Ex-Japan Index.

For the 3-year, 5-year and 10-year periods ended 15 October 2021, the Fund's benchmark generated respective total returns of +54.05%, +68.66% and +196.79%, or +15.48%, +11.01% and +11.48% respectively on an annualised basis (see Table 1).

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

	Performance in MYR (%)*		
	3-Year	5-Year	10-Year
Total Return	54.05	68.66	196.79
Annualised Return	15.48	11.01	11.48

\* Data as at 15 October 2021. Source: Lipper

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-Al-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](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.

### PeLATGF may focus on the following themes:

PeLATGF will look to capitalise on trending themes that offer sustainable earnings growth and are versatile to the shifting phases of the economic cycle. The Fund may look to invest in themes ranging from the supply chains of sustainable/renewable energy as well as recovery plays to capitalise on the post-pandemic economic rebound.

#### Sustainable / Renewable Energy Solutions



The global push for lower carbon emissions and greener energy sources offers new investment opportunities in companies which focus on clean energy solutions and sustainable energy production. The Fund may look to invest in the supply chains of renewable energy infrastructure, clean technology, electric vehicles and energy storage systems which are set to gain traction in the coming years amid rising environmental awareness and the global transition towards a low carbon economy.

#### Online Video Games



The online video game boom has been accelerated by global lockdowns and stay-at-home measures during the Covid-19 pandemic, as people turn to gaming platforms to pass time. Post the pandemic, the online video game industry, especially mobile gaming, is set to continue to thrive amid improved Internet and wireless infrastructure, as well as the increased accessibility of smart devices. The Fund may seek to invest in innovative and high-growth game developers and publishers as well as stocks of established online gaming-related companies which are Shariah-compliant.

#### Recovery Plays



The recovery in the overall global economy post-pandemic is expected to benefit cyclical sectors such as industrials, manufacturing, automotive and tourism. The return of the workforce globally is anticipated to lead to pent-up demand in the consumer sector, which will benefit sub-sectors such as food & beverages (F&B), retail, cosmetics as well as specialty brands & their supply chains. The Fund will capitalise on investment opportunities in selected recovery plays and cyclical sectors in Asia which are underpinned by the region's continued population growth, rising disposable income and increasing urbanisation.