

## CAPITALISING ON GLOBAL ISLAMIC OPPORTUNITIES IN A BALANCED WAY

Investors who seek capital growth over the long term through a balanced asset allocation approach should consider investing in the newly-launched Public Islamic Global Balanced Fund (PISGBLF).

PISGBLF invests between 40% and 60% of its net asset value (NAV) in Shariah-compliant equities while the balance is invested in sukuk & Islamic liquid assets. Up to 98% of the Fund's NAV is invested in the global markets, including the United States (U.S.), Europe and Asia Pacific.

PISGBLF's Shariah-compliant equity portfolio enables investors to grow their investments and retirement nest egg, while the fund's sukuk holdings add stability to the fund's portfolio. The Fund's balanced asset allocation approach tends to generate lower volatility of returns as compared to equity funds which invest up to 98% of their NAV in equities.

### Global Economic and Market Outlook

The global economy continues to be supported by the sustained pace of the U.S. and emerging economies, with real GDP growth estimated to remain fairly resilient at 3.1%<sup>1</sup> per annum in 2019 and 2020. The U.S. economy is expected to expand at a moderate pace of 2.3%<sup>1</sup> this year, underpinned by the potential for further interest rate cuts. For 2020, U.S. GDP growth is projected to slow to 1.8%<sup>1</sup> as trade uncertainties may weigh on investment spending. Nonetheless, signs of progress towards a U.S.-China trade deal may help mitigate the impact on global trade activities.

Meanwhile, the Eurozone's economy is envisaged to grow by 1.1%<sup>1</sup> and 1.0%<sup>1</sup> respectively for 2019 and 2020. On 12 September 2019, the European Central Bank (ECB) cut interest rates and revived its quantitative easing programme to reflate the Euro-area economy. Moving forward, the ECB has headroom to continue implementing monetary easing measures to support domestic demand.

As for the emerging markets, the resilient domestic demand as well as accommodative fiscal and monetary policies undertaken by their respective governments are anticipated to underpin their economic momentum.

While market conditions may remain volatile in the near term amid uncertainties over a potential trade deal between the U.S. and China, the coordinated easing of monetary policies by major global central banks as well as the prospect of increased fiscal stimulus measures should help to underpin the Shariah-compliant equity and sukuk markets. On the regional front, selected ASEAN markets stand to benefit from the trade diversion and capacity relocation of companies impacted by U.S. tariffs on Chinese exports.



### Sectors of Focus for PISGBLF's Equity Portfolio

PISGBLF's equity portfolio may target to invest in sectors such as technology, consumer, healthcare and industrial.

Companies within the technology sector stand to benefit from the growing digitalisation of products and services going forward. The increasing adoption of e-commerce, e-payments, artificial intelligence and automated services also bodes well for selected technology stocks within this sector.

Meanwhile, the prospects of consumer stocks are underpinned by continued global population growth and rising disposable income. These factors, coupled with the trend of a greying population and rising demand for private healthcare services, also bode well for the healthcare sector.

Within the industrial sector, suppliers of automation equipment are anticipated to gain from the constant need for corporations to improve operational efficiency while reducing costs.

### The Fund's Benchmark

The benchmark of PISGBLF is a composite index comprising 60% S&P Global 1200 Shariah Index and 40% 3-Month Islamic Interbank Money Market Rate. Over the 5-year and 10-year periods, the Fund's benchmark achieved annualised returns of +9.3% and +8.2% respectively.

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

	Performance in MYR* (%)			
	1-Year	3-Year	5-Year	10-Year
<b>Total Return</b>	10.2	29.2	56.1	119.2
<b>Annualised Return</b>	10.2	8.9	9.3	8.2

\* Data as at 31 October 2019  
Source: Lipper & Bank Negara Malaysia

<sup>1</sup> Bloomberg consensus