

# Incorporating Sustainability and Shariah-compliant Considerations While Investing in the Global Markets



Investors seeking to capitalise on the growth potential of the global markets over the long term while incorporating environmental, social & governance (ESG) and Shariah-compliant considerations may look to invest in Public Islamic Global Sustainable Growth Fund (PISGSGF, or the Fund).

PISGSGF is the first Islamic global equity fund under the Public Series of Shariah-based Funds with the objective to achieve capital growth over the long term by investing in Shariah-compliant stocks of companies which incorporate ESG considerations in their business practices.

To achieve capital growth over the long term, 75% to 98% of PISGSGF's net asset value (NAV) will be invested in Shariah-compliant shares or Shariah-compliant securities equivalent to shares, with the balance invested in Islamic money market instruments and Islamic deposits.

Given that PISGSGF is a global equity fund, the Fund's investments will generally encompass the U.S., Eurozone and the regional markets. To tap into a broader array of

sustainability-focused investment products, the Fund may also invest up to 25% of its NAV in ESG-qualified Islamic exchange-traded funds and unlisted Islamic collective investment schemes which track ESG indices.

## Rides on the Increasing Emphasis on Global Sustainability

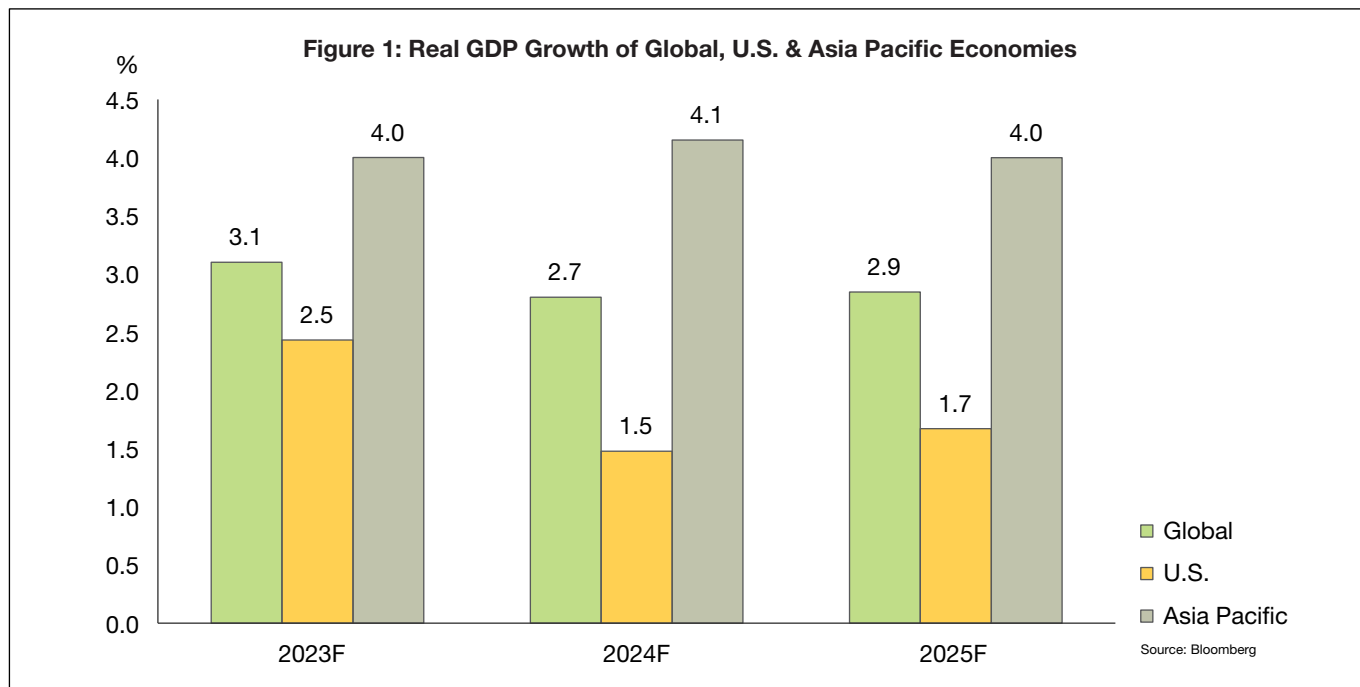
PISGSGF caters to investors who wish to incorporate Shariah-compliant and sustainability considerations in their investments. These investors are not only interested in the financial outcome of their investments, but are also concerned about the impact of their investments on the environment and the community.

Companies around the world are anticipated to enhance their ESG strategies and reporting as part of their ongoing commitment to delivering sustainable long-term growth, in line with increased societal, stakeholder and investor expectations on ESG compliance as well as regulatory changes. In addition, ESG or sustainability initiatives tend to have a positive impact on companies' revenue growth and overall profitability<sup>1</sup>.

<sup>1</sup> Climate check: Business' views on environmental sustainability  
(<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-climate-check-business-views-on-environmental-sustainability-report.pdf>)

## Resilient Outlook for the Global Economy

The global economic outlook remains broadly balanced, supported by the continued resilience of the U.S. and selected Asian economies as easing inflation gives central banks the leeway to pivot their monetary policy stance. Barring the risks of renewed geopolitical tensions, the global economy is expected to register a fairly stable real gross domestic product (GDP) growth of 2.7%<sup>2</sup> and 2.9%<sup>2</sup> respectively in 2024 and 2025, compared to an estimated growth of 3.1% in 2023.



The U.S.' economic growth is expected to slow to 1.5%<sup>2</sup> in 2024 from 2.5% in 2023, with consumer spending weighed down by the cumulative effect of interest rate hikes in 2022-2023. For 2025, U.S. real GDP growth is projected to firm to 1.7%<sup>2</sup>, as the Federal Reserve's (Fed) anticipated interest rate cuts in 2024-2025 should be more supportive of economic activities.

Meanwhile, the Eurozone's real GDP growth is envisaged to be sustained at 0.5%<sup>2</sup> in 2024 compared to a similar rate in 2023, supported by improved household consumption and income growth. By 2025, a gradual recovery in exports and improved financial conditions are expected to help the Eurozone economy to register a more stable growth of 1.4%<sup>2</sup>.

In Asia Pacific, the region's economy is expected to benefit from a rebound in global semiconductor demand as well as the continued recovery of tourism activities in selected countries. After expanding by an estimated 4.0%<sup>2</sup> in 2023, the region's GDP growth is projected at 4.1%<sup>2</sup> in 2024 and 4.0%<sup>2</sup> in 2025.

<sup>2</sup> Bloomberg consensus forecasts

## Sectors PISGSGF May Invest In

PISGSGF may look to invest in selected Shariah-compliant stocks of sustainability-focused companies with positive long-term growth prospects within the following sectors:



### Technology

The Fund may look to invest in technology companies within the software, hardware, semiconductor and Internet-related segments with earnings that are underpinned by the structural digitalisation trend. Newer growth areas such as artificial intelligence (AI), cloud computing, 5G and autonomous driving will also be explored.



### Consumer

Stocks within this sector include quality consumer companies with stable earnings growth profiles and strong balance sheets, as well as selected consumer companies that stand to benefit from increased consumption arising from resilient wage growth.



### 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 robotic surgery innovations and new drug discoveries.



## The Fund's Benchmark

The benchmark of PISGSGF is a composite index of 90% S&P Global 1200 ESG Shariah Index and 10% 3-Month Islamic Interbank Money Market.

For the 3-year period ended 31 January 2024, the Fund's benchmark registered a total return of +42.33%, or +12.46% in annualised terms (see Table 1).

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

	Performance in MYR (%)*	
	1-Year	3-Year
Total Return	30.64	42.33

\* Data as at 31 January 2024

Sources: S&P Dow Jones Indices, LLC & 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 Islamic Global Sustainable Growth Fund dated 20 February 2024 and the fund's Product Highlights Sheet (PHS) before investing. Investors should understand, compare and consider the risks, 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.