

Capitalising on the Long-Term Prospects of Global Markets

Led by accommodative monetary policies and fiscal stimulus measures, the global economy rebounded by an estimated 5 percent in 2010 following a contraction of 0.6 percent in 2009. Looking ahead, the global economy is envisaged to grow by 4.4 percent¹ in 2011 on the back of a sustained rebound in the U.S. economy and resilient economic growth among emerging economies.

In the U.S., economic growth is envisaged to be sustained at 3.0 percent¹ in 2011 compared to 2.8 percent² in 2010 as consumer and investment spending will benefit from the extension of tax cuts. Meanwhile, the pace of recovery in the Eurozone remains modest with GDP growth projected at 1.5 percent¹ this year compared to 1.7 percent² in 2010. On a year-to-date basis to 28 February 2011, developed markets such as the U.S. have outperformed regional markets as inflationary pressures in developed markets are still moderate in comparison to emerging markets.

Ample liquidity in the global financial markets amid the ongoing quantitative easing measures by the U.S. Federal Reserve is expected to help to underpin equity investments in the developed markets. Looking ahead, global markets are also supported by reasonable valuations. As at 28 February 2011, the valuation of the U.S. stock market is at 13.8x² on 2011 earnings, which is below its 21-year average of 16.8x².

Table 1: Performance of Global Markets

Markets	Index as at 28 February 2011	Performance (percent)		
		2009	2010	YTD*
Japan	951.3	+5.6	-1.0	+5.8
Dow Jones	12,226.3	+18.8	+11.0	+5.6
S&P 500	1,327.2	+23.5	+12.8	+5.5
STOXX Europe 50	2,713.5	+24.1	+0.0	+4.9
Australia	4,831.7	+30.8	-2.6	+1.8
MSCI FE ex Japan	505.3	+65.0	+16.7	-3.8

*As at 28 February 2011

Source: Bloomberg, March 2011

Table 2: Global GDP Forecast

percent	2009	2010E	2011F
U.S	-2.6	2.8	3.0
Europe	-4.0	1.7	1.2
Japan	-6.3	4.0	1.7
China	9.2	10.3	9.0
Global	-0.6	5.0	4.4

Sources: Bloomberg, March 2011; IMF, January 2011.

Investors who seek to participate in the continued recovery of the global economy can consider investing in Public Global Select Fund (PGSF). The Fund offers investors the opportunity to achieve long-term capital growth by focusing on a diversified portfolio of blue chip stocks, index stocks and growth stocks listed on selected global stock markets.

PGSF's investment stocks include multinational companies operating in financial, technology, resources, energy and consumer sectors with established market shares and strong brand names. These companies offer good diversification prospects to investors as they derive a significant portion of their gross sales from a diverse base of global markets. The Fund also invests in collective investment schemes which focus on the U.S. equity markets.

As of 28 February 2011, the Fund's equity weighting stands at 80 percent with about 55 percent of its equity portfolio invested in the U.S. and 12.5 percent in Europe. The balance of its equity investments is invested in regional markets. With cash holdings amounting for 20 percent of its net asset value (NAV), the Fund is poised to increase its investments in multinational corporations with good growth prospects in global markets.

To mitigate foreign currency risk due to its investments in global markets, PGSF may employ hedging strategies to manage the impact of fluctuations in foreign exchange rates. To ride through extended periods of highs and lows in the global markets, investors are encouraged to practise the Ringgit-cost averaging approach which involves investing a fixed Ringgit amount on a monthly, quarterly or half yearly basis. This will enable the investor to buy more units when the market declines and fewer units when the market rises.

You are advised to read and understand the contents of the Master Prospectus of Public Series of Funds dated 30 April 2010 before investing. This prospectus has been registered with the Securities Commission who takes no responsibility for their contents, and neither should their registration to be interpreted to mean that the Commission recommends the investment.

You should take note that there are fees and charges involved; and that the prices of units and distribution payable, if any, may go down as well as up. Past performance of a fund is not an indication of its future performance. Applications to purchase units must come in the form of a duly completed application form referred to in and accompanying the prospectus. A copy of the prospectus can be obtained from your attending unit trust consultant or nearest Public Mutual branch.

¹ World Economic Update, January 2011, IMF.

² Bloomberg, March 2011.