

## Asia ex-Japan Equity

<b>EQUITIES – Asia ex-Japan</b>	<b>1 Mth</b>	<b>3 Mth</b>	<b>YTD</b>	<b>12 Mth</b>
MSCI AC Asia ex-Japan	-6.2	-5.3	-19.7	-17.6
MSCI Far East Free ex-Japan	-5.3	-4.9	-17.8	-16.0
MSCI China	-6.2	-7.1	-22.3	-25.0
MSCI Hong Kong	-5.4	-7.9	-19.9	-21.7
MSCI India	-14.1	-9.6	-34.2	-31.1
MSCI Indonesia	-3.5	-2.1	0.7	1.3
MSCI Korea	-4.1	-0.0	-11.4	-4.3
MSCI Malaysia	-2.7	2.0	-6.5	-4.4
MSCI Philippines	-4.0	-0.2	-6.6	-1.0
MSCI Singapore	-6.0	-7.0	-18.6	-17.2
MSCI Taiwan	-7.3	-7.8	-25.6	-18.6
MSCI Thailand	-0.9	-4.5	-7.9	-7.3

Returns in Singapore dollars. Source: Bloomberg, 30 November 2011

Asian equity markets fell during the month on concerns over the uncertainty of Europe's sovereign debt crisis and slower growth in China and the US. On the global front, the US 3Q11 real GDP was revised down to 2.0% from 2.5% on a sharper inventory drawdown. Furthermore, the US fiscal situation got off to a bad start with the bipartisan super-committee's failure to reach an agreement on the US\$1.2 trillion in federal budget savings. The HSBC flash manufacturing PMI for China dipped to 48 in November, its lowest reading since March 2009.

## Asia ex-Japan Equity

### Outlook and Strategy

	Policy	Change	Comment
Consumer	Overweight	–	We favour consumer staples which have more defensive earnings profile and are also likely to see margin expansion as raw material prices decrease.
Telecommunications	Overweight	–	We prefer telecom stocks that have stable free cashflow and dividend yields.
Utilities	Overweight	–	We like the thermal utilities in Hong Kong and India for their regulated returns business.

Fears of a US recession are moderating as economic data in the US have largely rebounded and beaten expectations, though macro risks remain. In the case of Europe, deep structural problems remain, and the road to a resolution to the crisis is fraught with political difficulties. Our base case is now that the US will likely avoid a recession but still have stall-speed growth of 0% to 2%.

There are likely to be significant market moves to come in the next few quarters but the outlook is uncertain given that the outcome for the developments in Europe is binary. If the Euro unravels and there is a European hard landing which will affect the region, the downside risks will be significant. If Europe is able to avoid such a “Lehman-type” event, then there is huge upside potential given that risk assets are inexpensive.

In Asia, we expect that inflation is moderating, but it will not be enough to offset the deteriorating growth environment. Domestic consumption, which had hitherto held up well, is showing signs of weakening.

We expect that there is more risk to earnings downgrades. In addition, the cyclical sectors still have downside risks. Hence our focus is on defensive growth sectors and stocks that are of top quality within each sector. These are the ones that are better positioned to weather the storm and in doing so, we hedge our risks against further downside.

## Contact Details

### SINGAPORE

#### UOB Asset Management Ltd

**Address** 80 Raffles Place UOB Plaza 2 Level 3 Singapore 048624  
**Tel** 1800 222 2228 (Local) • (65) 6222 2228 (International)  
**Fax** (65) 6532 3868  
**Email** uobam@uobgroup.com  
**Website** uobam.com.sg

---

### MALAYSIA

#### UOB-OSK Asset Management Sdn Bhd

**Address** 3rd Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur  
**Tel** (03) 2732 1181  
**Fax** (03) 2732 4311

---

### THAILAND

#### UOB Asset Management (Thai) Company Limited

**Address** 11th Floor, 191 South Sathon Road, Yannawa, Sathon,  
Bangkok 10120 Thailand  
**Tel** (662) 676-7100  
**Fax** (662) 676-7880-7

---

### BRUNEI

#### UOB Asset Management (B) Sdn Bhd

**Address** FF03 to FF05, The Centrepoint Hotel, Gadong,  
Bandar Seri Begawan BE 3519, Brunei Darussalam  
**Tel** (673) 2424806  
**Fax** (673) 2424805

---

### TAIWAN

#### UOB Investment Advisor (Taiwan) Ltd

**Address** Union Enterprise Plaza, 16th Floor, 109 Minsheng East Road, Section 3,  
Taipei 10544  
**Tel** (886)(2) 2719 7005  
**Fax** (886)(2) 2545 6591

---

### JAPAN

#### UOB Asset Management (Japan) Ltd

**Address** 13F Sanno Park Tower, 2-11-1 Nagatacho, Chiyoda-ku,  
Tokyo 100-6113 Japan  
**Tel** (813) 3500-5981  
**Fax** (813) 3500-5985

### Important Notice & Disclaimers

The information herein is given on a general basis without obligation and is strictly for information purposes only. It is not intended as an offer or solicitation with respect to the purchase or sale of any investment or insurance product mentioned herein. Nothing herein should be construed as a recommendation or advice to transact in any investment or insurance product of companies mentioned within. Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, UOB Asset Management Ltd and its employees cannot be held liable for any errors, inaccuracies and/or omissions, howsoever caused, or for any action taken based on views expressed or information in this publication. UOB Asset Management Ltd does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. **Past performance of the Funds or the Manager and any forecasts on the economy or markets are not necessarily indicative of the future or likely performance of the Funds or the Manager. Any extraordinary performance may be due to exceptional circumstances which may not be sustainable.** Units are not deposits or other obligations of, or guaranteed or insured by, United Overseas Bank Limited, UOB Asset Management Ltd, UOB Group or any affiliates or distributors. Investments are subject to investment and foreign exchange risks including the possible loss of the principal amount invested. The value of units and any income from them may fall as well as rise. All applications for units must be made on the application forms accompanying the relevant Fund prospectus which may be obtained from the Managers. The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. Investors should read the relevant prospectus before deciding whether to invest in a Fund. Investors may wish to seek advice from a financial adviser before investing in any Fund. Should you choose not to seek such advice, you should consider whether the Fund in question is suitable for you.

UOB Asset Management Ltd Co. Reg. No. 198600120Z