

## 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	-6.3	-16.9	-20.4	-17.4
MSCI Far East Free ex-Japan	-7.0	-17.0	-19.7	-16.1
MSCI China	-10.5	-21.2	-25.2	-26.6
MSCI Hong Kong	-9.9	-15.8	-21.7	-20.3
MSCI India	0.9	-15.7	-26.5	-26.9
MSCI Indonesia	-2.5	-6.1	0.2	-3.4
MSCI Korea	-5.8	-18.7	-16.5	-8.2
MSCI Malaysia	-2.9	-12.8	-11.1	-9.5
MSCI Philippines	-1.8	-2.1	-8.0	-13.8
MSCI Singapore	-6.8	-14.6	-18.5	-15.6
MSCI Taiwan	-3.2	-15.6	-21.9	-10.6
MSCI Thailand	-10.9	-10.4	-14.0	-11.4

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

Asian equity markets were volatile on concerns about the global economy with increased downside risks on the US economic outlook and the fiscal crisis in Europe. The announcement by US Fed to extend the average maturity of its securities holdings (popularly known as “Operation Twist”) failed to lift investor sentiment. Moody’s downgrade of three large US banks also contributed uncertainty on the global front. In Asia, while growth has moderated amid weaker external demand, domestic economic activity continues to provide strong support to growth momentum. Given the concerns of the global economy, most Asian countries kept its benchmark rates on hold in September.

## Asia ex-Japan Equity

### Outlook and Strategy

	Policy	Change	Comment
Consumer	Overweight	–	Domestic consumption growth across Asia is expected to provide support for growth in the region. We favour consumer staples which provide defensive growth.
Telecommunications	Overweight	–	We prefer telecom stocks that provide a sustainable dividend stream and are cashflow generative.
Healthcare	Overweight	–	The healthcare sector provides defensive growth in a volatile macroeconomic environment.

With the global macroeconomic environment deteriorating significantly over the past few months, we turn more defensive in our portfolio positioning. The murky economic backdrop is compounded by the fiscal impasse in the US as well as Europe, with no clear resolution in sight. The European debt crisis adds an added dimension of uncertainty to the markets. Growth in Asia is moderating while inflation continues to stay high, tying the hands of policy makers and preventing them from aggressively loosening monetary policy. Stock valuations now seem attractive, though there are risks to earnings and we expect the markets to see further volatility.

The key risks are a blow-up of the European debt crisis, a US double-dip recession as well as inflation spiralling out of control.

Given our more cautious outlook on the global macro environment, we are positioned more defensively in the more resilient sectors such as consumer staples, healthcare and telecommunications. We are neutral on the utilities, technology and conglomerates sectors. We are underweight in industrials, financials, property, materials and energy.

## Contact Details

**Address** 80 Raffles Place UOB Plaza 2 Level 3 Singapore 048624

**24-hour Hotline** 1800 222 2228 (Local) • (65) 6222 2228 (International)

**Fax** (65) 6532 3868

**Email** uobam@uobgroup.com

**Website** uobam.com.sg

## Business Offices

### Singapore

Institutional Business

Dennis Siew

Senior Director

Retail Business

Norman Wu

Senior Director

New Strategic Markets & Private Banks

Rachel Ong

Director

### Brunei

Kamal Muhd

General Manager

---

### Japan

Masashi Ohmatsu

Chief Executive Officer

---

### Malaysia

Lim Suet Ling

Chief Executive Officer

---

### Greater China/Taiwan

William Wang

Chief Executive Officer

---

### Thailand

Vana Bulbon

Chief Executive Officer

---

### Important Notice & Disclaimers

This publication shall not be copied or disseminated, or relied upon by any person for whatever purpose. The information herein is given on a general basis without obligation and is strictly for information only. This publication is not an offer, solicitation, recommendation or advice to buy or sell any investment product, including any collective investment schemes or shares 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 shall not be held liable for any error, inaccuracy and/or omission, howsoever caused, or for any decision or action taken based on views expressed or information in this publication. The information contained in this publication, including any data, projections and underlying assumptions are based upon certain assumptions, management forecasts and analysis of information available and reflects prevailing conditions and our views as of the date of this publication, all of which are subject to change at any time without notice. UOB Asset Management Ltd (“UOBAM”) does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any error, inaccuracy or omission. Any opinion, projection and other forward-looking statement regarding future events or performance of, including but not limited to, countries, markets or companies is not necessarily indicative of, and may differ from actual events or results. Nothing in this publication constitutes accounting, legal, regulatory, tax or other advice. The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. **You may wish to seek advice from a professional or an independent financial adviser about the issues discussed herein or before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider carefully whether the investment or insurance product in question is suitable for you.**

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