



# *The Asia Pacific Fund, Inc. Investment Outlook & Strategy*

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August 2010

# Investment Strategy

## *Continued focus on secular growth themes*

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- **Global economy expected to continue to grow in 2011, but at a sub-par pace**
- **Asian region expected to continue to lead the world in terms of pace of growth**
- **Chinese economy in a 'soft landing' phase, signalling that next policy move could be easing, which would be positive for its stock market**
- **In the Asian investment universe, we continue to focus on markets with sustainable long-term growth exhibiting low GDP per capita, low urbanisation rates and low debt**
- **Secular Asian growth themes would include infrastructure, consumption, health care and financials**

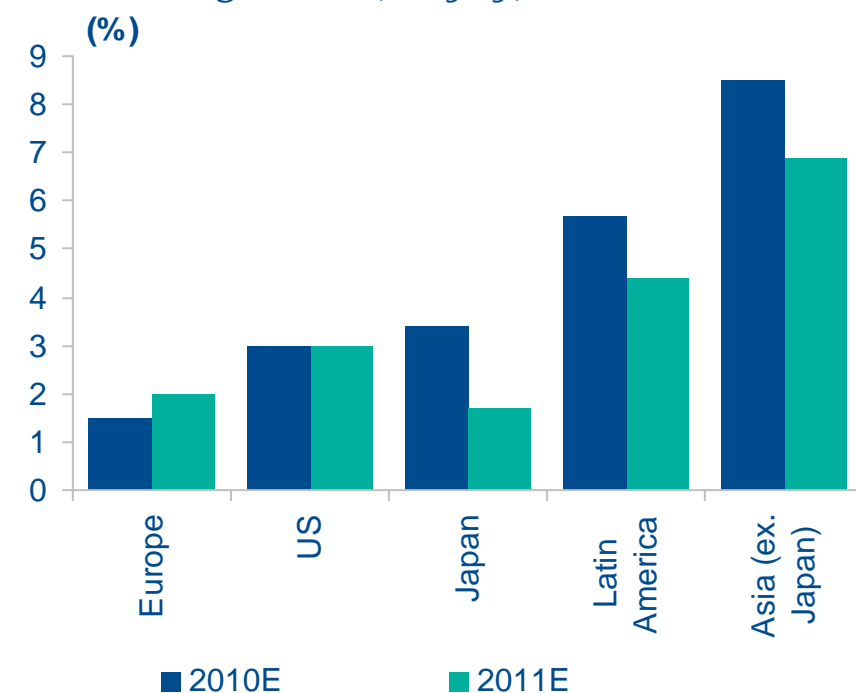
*Our strategy focuses on stocks benefiting from the secular growth themes in Asia*

# Asian Economic Outlook

## *Moderating in 2011, but still strong*



Real GDP growth (% yoy)



Real GDP growth (% yoy)

	2010E	2011E
Singapore	14.5	5.0
China	10.0	8.7
India*	9.0	8.0
Malaysia	7.0	5.0
Thailand	6.8	4.5
Indonesia	6.5	6.2
Hong Kong	6.0	4.3
Korea	6.0	3.3
Taiwan	5.7	3.2
Philippines	5.5	4.6

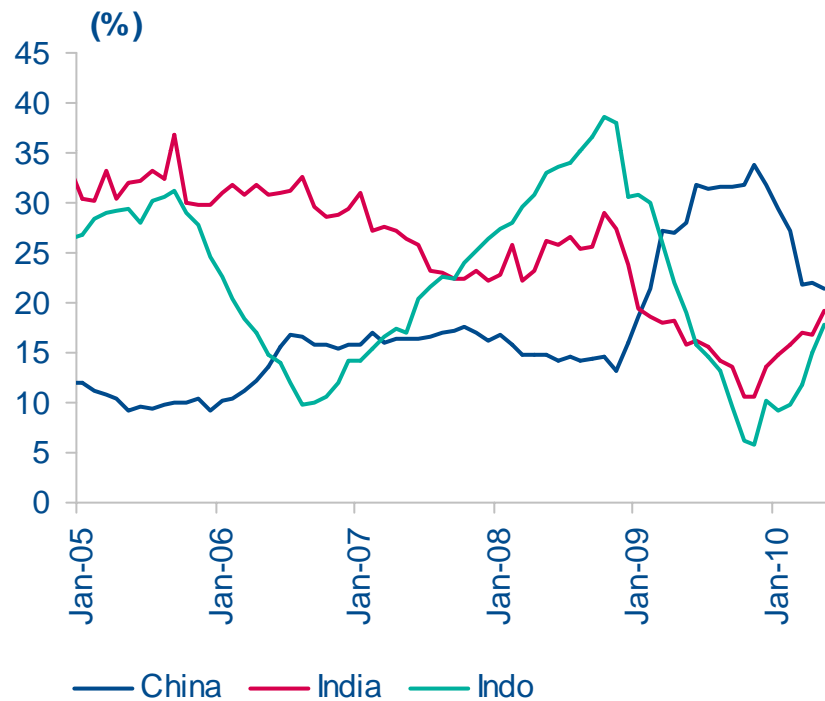
*Asia is expected to remain the fastest growing region*

# Asian Banking

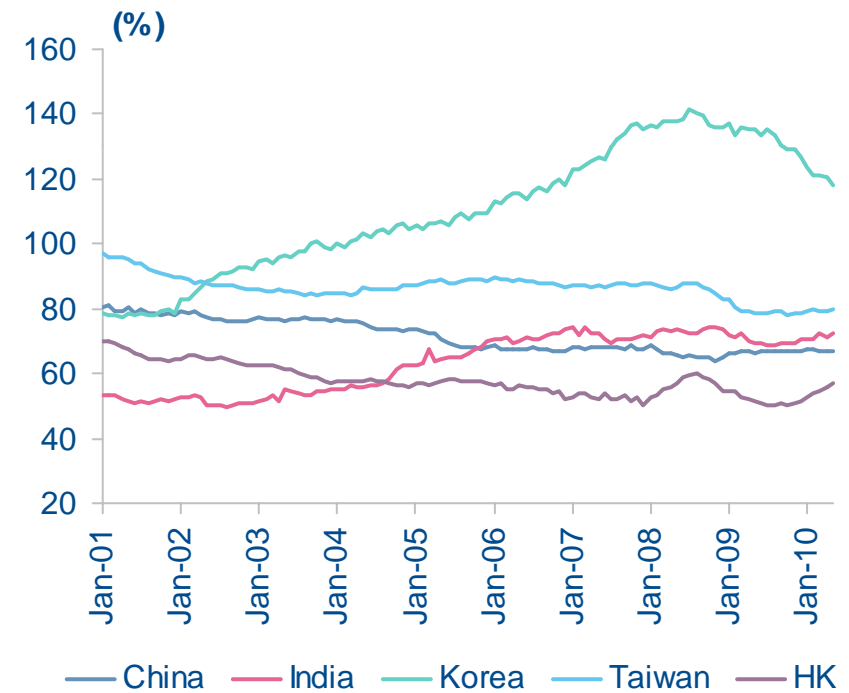
## Healthy loan growth



Loan Growth (% , yoy)



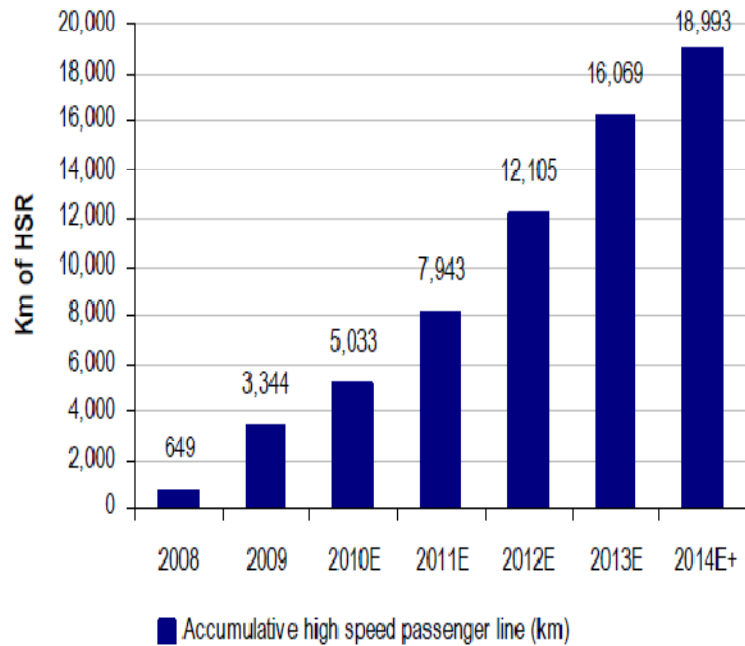
Loan to Deposit Ratio (%)



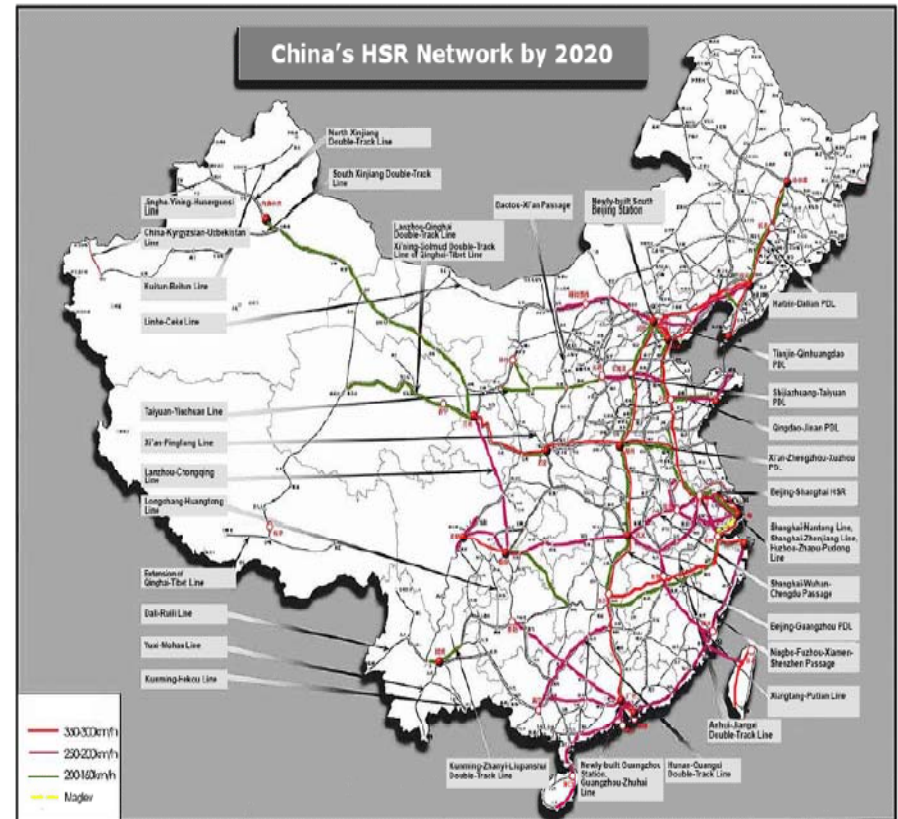
*20% loan growth in China, India and Indonesia*

# Asian Structural Themes

*China expected to have the largest High Speed Rail ("HSR") network by 2020 ?*



\*Figures shown are for track capable of at least 250km/hr, in line with international definitions of HSR. Please note China Ministry of Rail aggregate figures also include tracks capable of 200km. Source: Chinese Ministry of Rail, UBS estimates



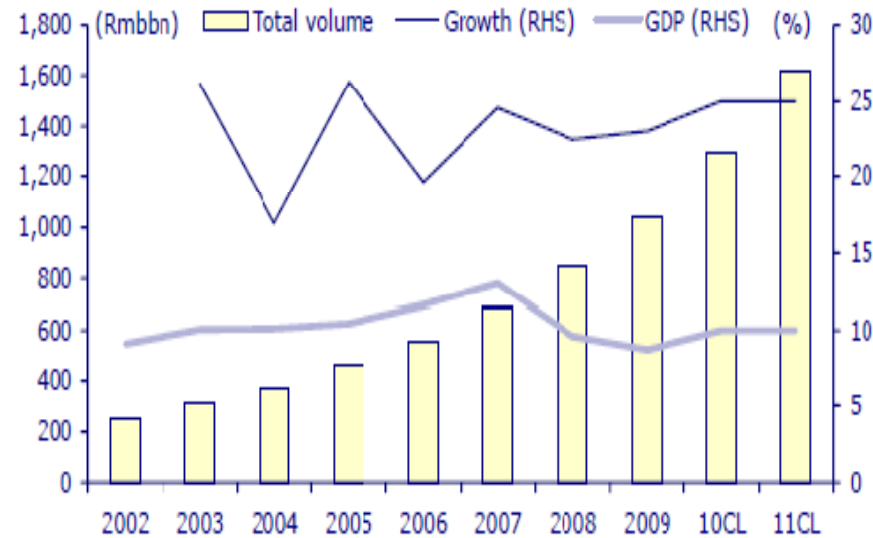
*HSR is one of China's structural high growth themes*



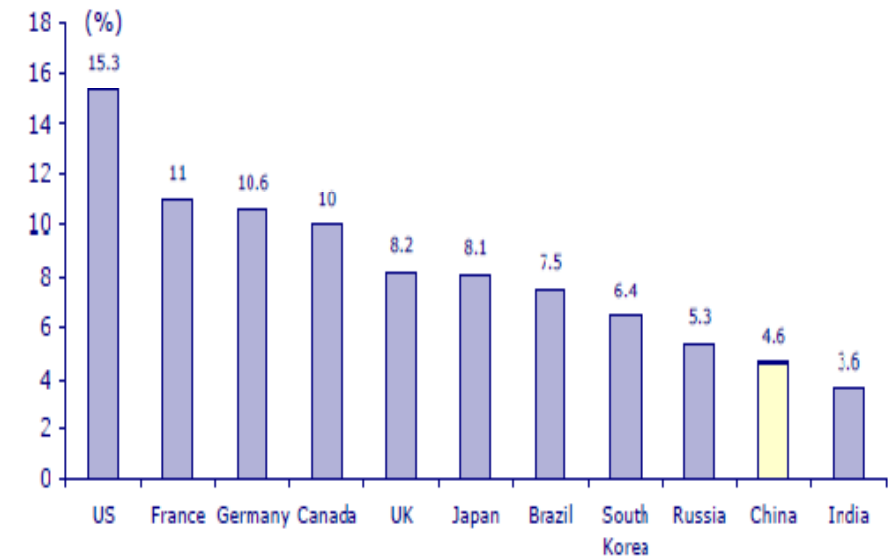
# Asian Structural Themes

## Chinese Healthcare

*Pharma in China to grow 25% in 2010-11*



*Government's health spending less than 5% of GDP in China (2008)*



Note: The ratio for China rose to 4.96% in 2009.

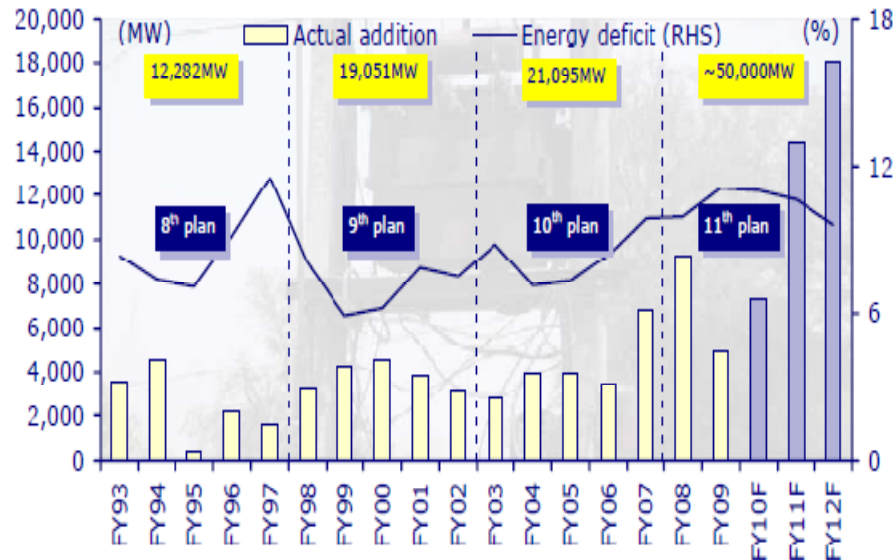
*China will continue to improve its medical system with funding of RMB 850bn, catering for the needs of 1.3 billion people*



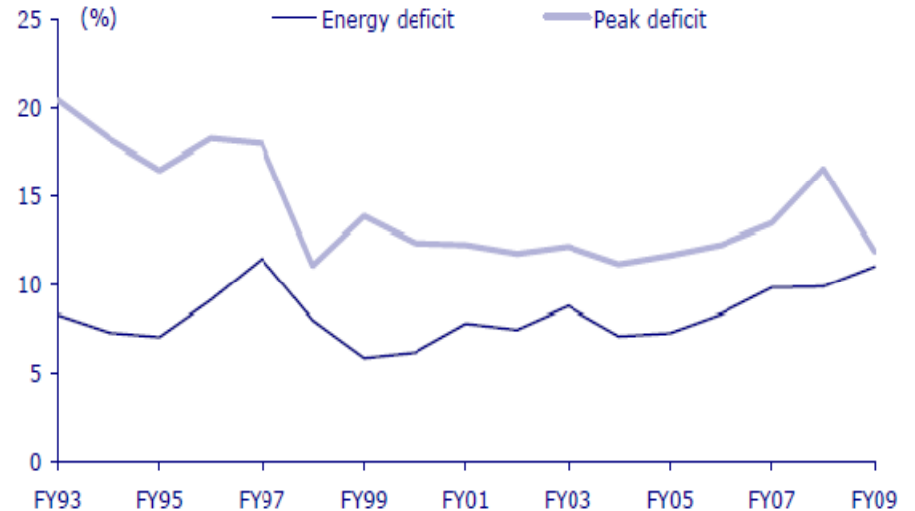


# Asian Structural Themes Indian Power

*Shooting up – Capacity addition across five-year-plan periods*



*Energy and peak deficit*



*Indian power producers expected to commission \$US50bn of new massive projects over next 3 years*

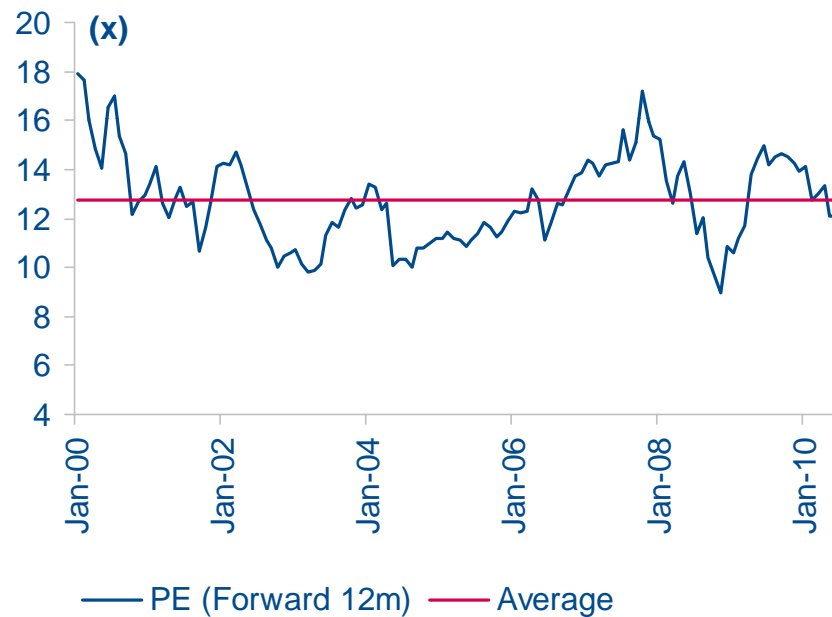




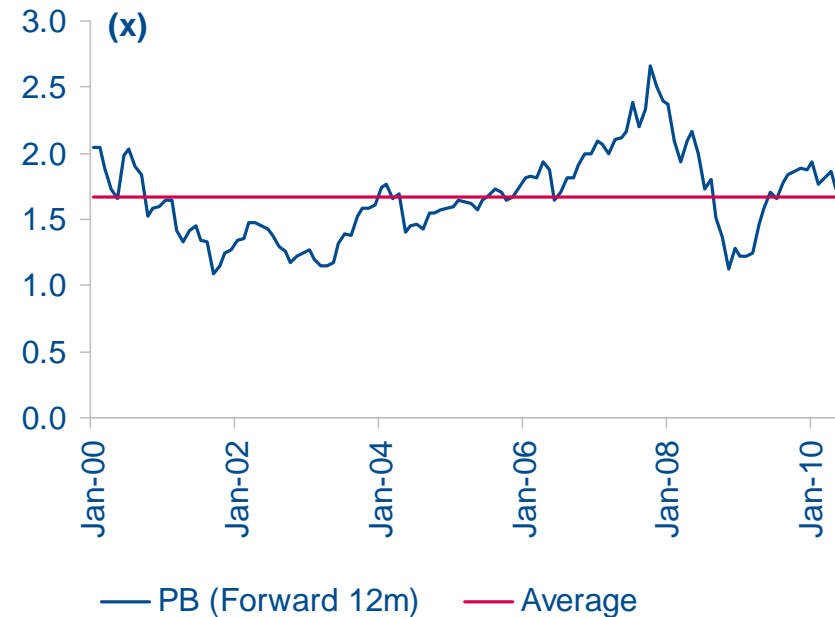
# Asian Equity Valuation

## *Not expensive*

Forward 12-month PE  
(MSCI Asia ex Japan Index)



Forward 12-month PB  
(MSCI Asia ex Japan Index)



*Recent market consolidation provides selective buying opportunities*







## *Important Information*

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