

# Outlook and Opportunities: The Case for Asia Pacific

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**ABERDEEN ASSET MANAGEMENT  
ASIA PACIFIC FIXED INCOME AWARD**

# Your presenter

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**Donald Amstad, Director**

**Aberdeen Asset Management Asia**

# Three reasons to invest in Asia–Pacific assets

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- **Governments are solvent**

- This compares favorably with debt dynamics in The West

- **Currencies are undervalued and set to appreciate. Why?**

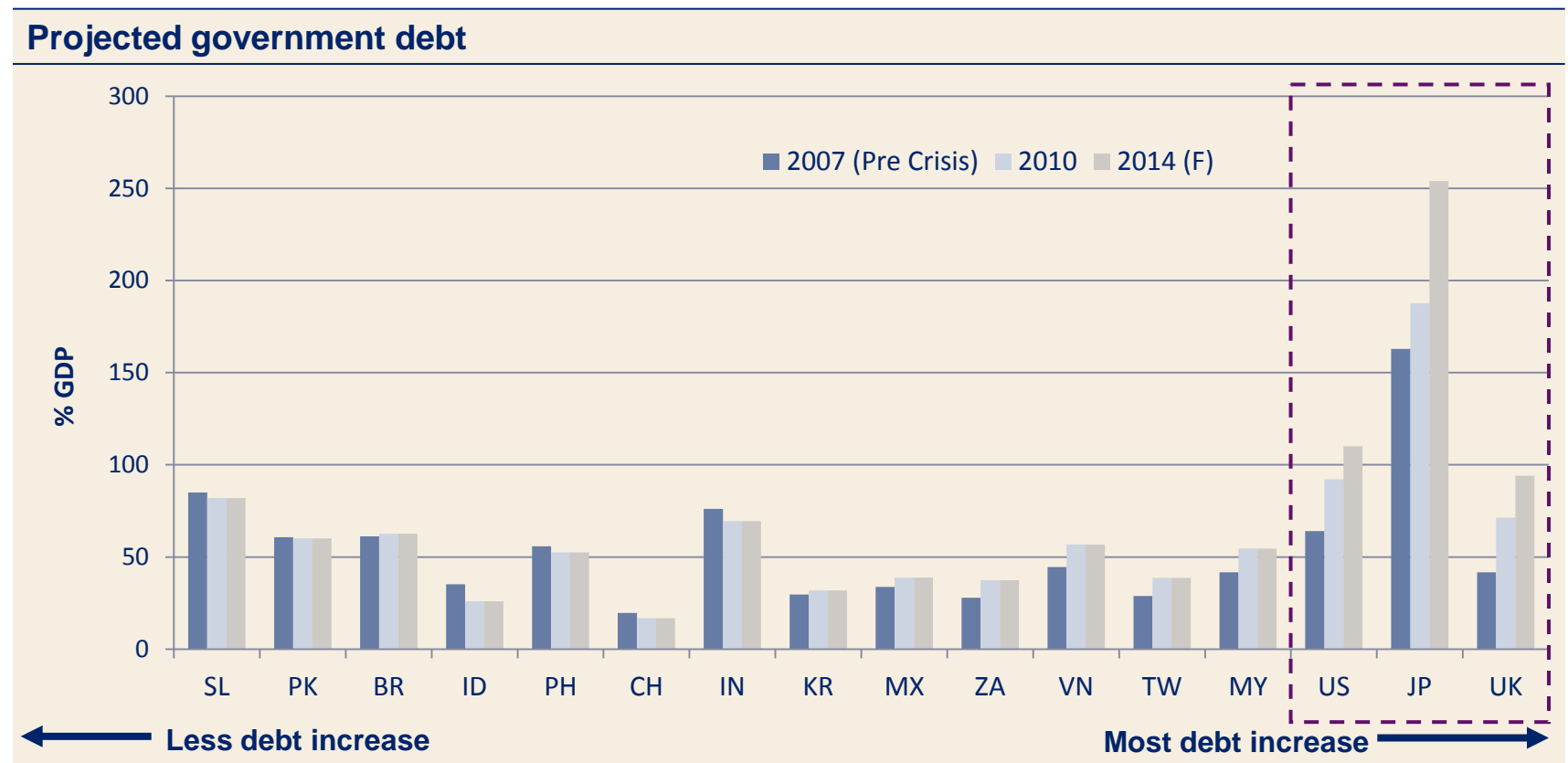
- IMF PPP estimates suggest Asian currencies are 40% undervalued on average
- To help fight inflation
- To help the switch to domestic demand-led growth by raising real incomes
- Asia is de-dollarizing / the renminbi-fication of Asia
- Domestic political pressures
- Asian investors are increasingly investing in Asia, rather than in the West

- **We believe Asia is too important to ignore in investor portfolios**

- Asia is already 27% of global GDP and will hit 49% by 2050<sup>1</sup>
- Emerging Asia is forecast to grow at 7.3% in 2012<sup>2</sup>
- Asian markets are under represented in major debt and equity indices
- Allocating to Emerging markets is no substitute for direct allocations to Asia
- Bonds and equities in Asia are favorably valued

# 1: Governments are solvent

# Governments in Asia are solvent

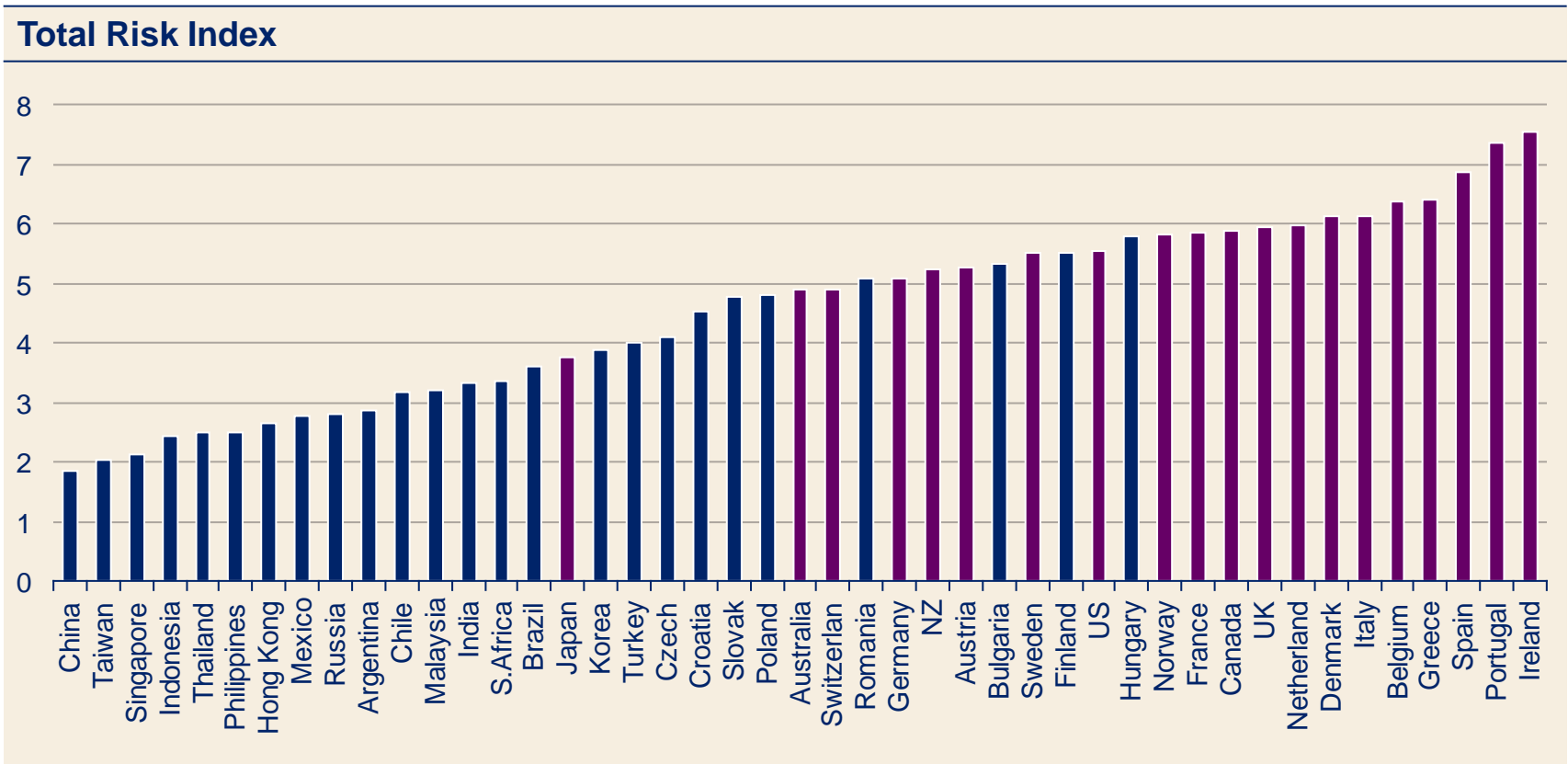


- Asia's policymakers have much more flexibility to respond to challenging economic conditions

Source: Citigroup Global Markets – "Asia Macro View", as of 1 Feb 2012

For illustrative purposes only. Estimates and forecasts are consensus opinion and are not guaranteed. Actual events or results may differ materially.

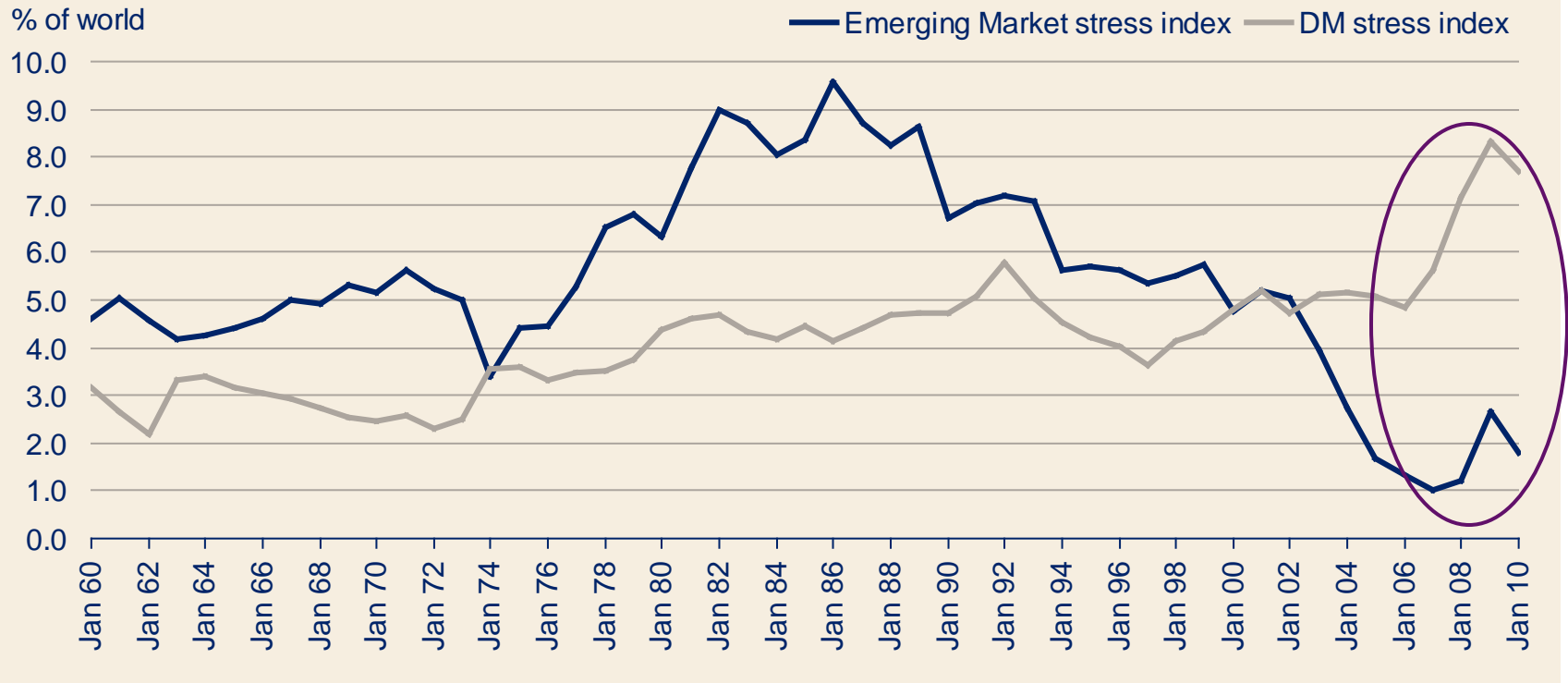
# Sovereign risk is now in The West



- The Total Risk Index assesses countries on the following criteria: credit trends, loan/deposit ratios, debt levels, current account balances, exports and FX reserves
- As investors, the Emerging Markets and Asia in particular represent a compelling “lower risk” investment opportunity compared to the developed markets

# Emerging markets have never been in such good shape

## Stress Index Emerging Markets and Developed Countries



- Despite some relief in stress levels over the past 18 months, from a fundamental perspective, the gap between the health of EM countries and the poor condition of the developed world has never been greater

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2: Currencies are undervalued and set to appreciate



# IMF purchasing power parity estimates for Asian currencies

Country	IMF PPP	Market	Valuation to IMF PPP	Relative to EM avg
China	3.86	6.64	-41.9%	-10.3%
India	17.71	44.35	-60.1%	-28.5%
Indonesia	6,142.65	8,928.00	-31.2%	0.4%
Korea	792.10	1,130.00	-29.9%	1.7%
Malaysia	1.81	3.11	-41.9%	-10.4%
Philippines	24.48	45.06	-45.7%	-14.1%
Singapore	1.03	1.31	-21.6%	10.0%
Taiwan	16.83	30.80	-45.4%	-13.8%
Thailand	17.16	29.95	-42.7%	-11.1%

- Purchasing power parity valuation measures suggest Asian currencies are significantly undervalued
- Asian currencies are generally undervalued relative to other EM currencies as well

# Reasons for Asian currencies to appreciate

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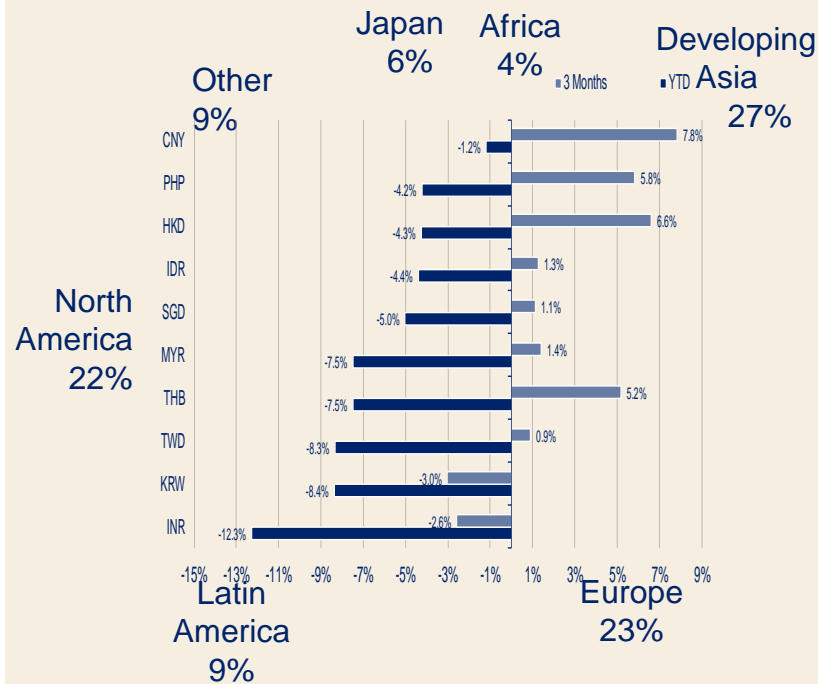
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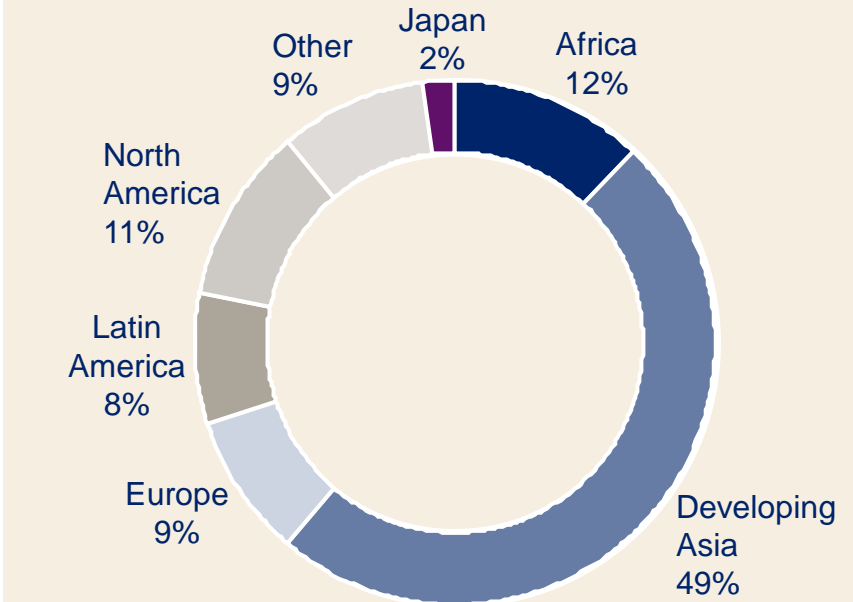
3: We believe Asia is too important to ignore in investor portfolios

# Asia is growing

2010



2050f



- By 2050 Asia is forecast to represent 49% of world GDP
- This compares to approximately 27% of world GDP

Source: Citi Investment Research and Analysis, as of 31 Mar 2011; GDP measured in 2010 PPP USD

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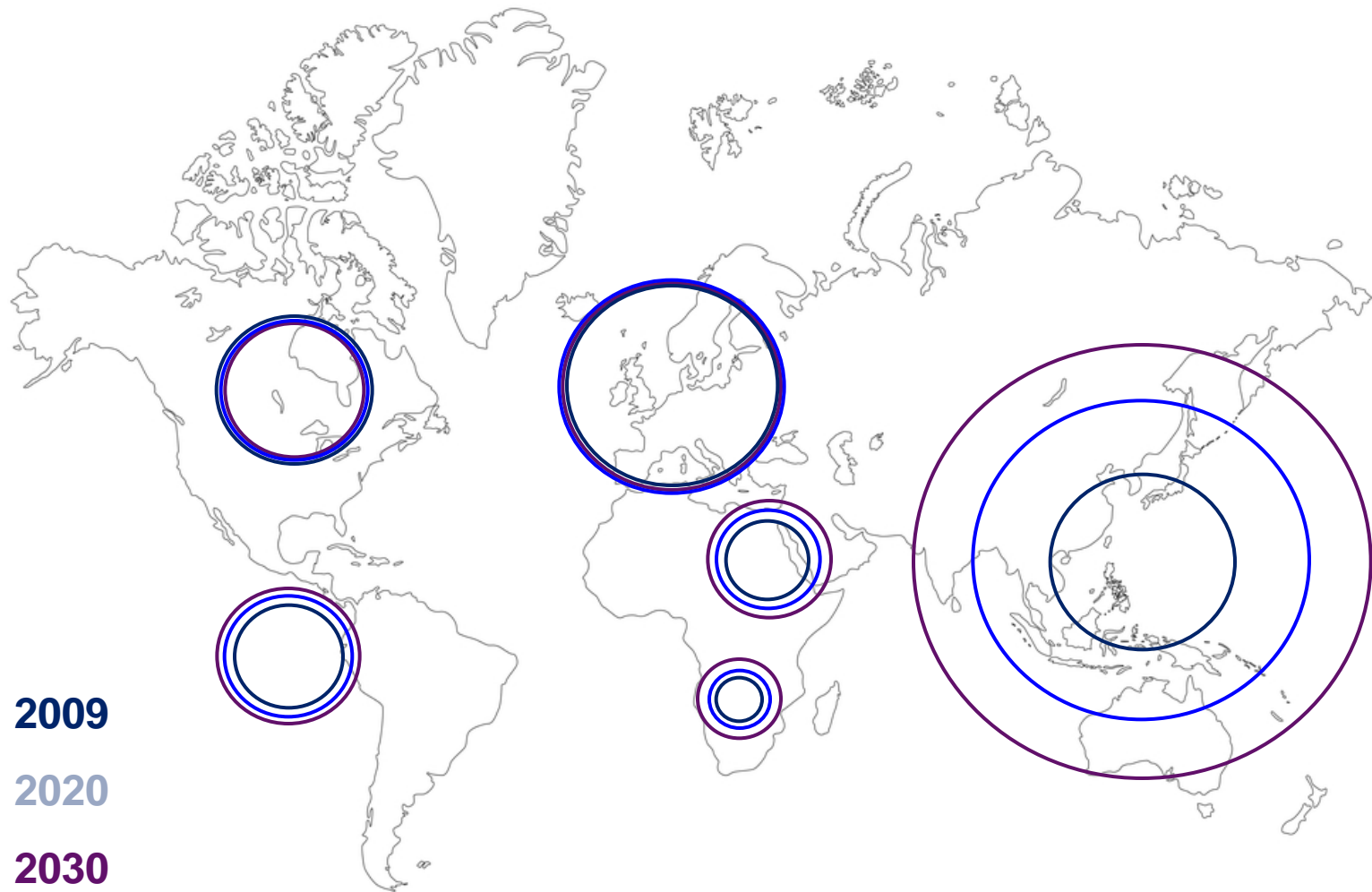
# The world in 2050

Top 10 Largest Economies in the world (in trillion 2010 PPP USD)			GDP per capita (2010 PPP USD) 2050		
Rank	Country	2050	Rank	Country	2050
1	India	86	1	Singapore	137,710
2	China	80	2	Hong Kong	116,639
3	US	39	3	Taiwan	114,093
4	Indonesia	14	4	South Korea	107,752
5	Brazil	12	5	US	100,802
6	Nigeria	10	6	Saudi Arabia	98,311
7	Russia	8	7	Canada	96,375
8	Mexico	7	8	UK	91,130
9	Japan	6	9	Switzerland	90,956
10	Egypt	6	10	Austria	90,158

Note that GDP figures are measured in 2010 PPP USD

- According to forecasts, by 2050 three of the four largest economies in the world will be in Asia.
- India and China will both be twice the size of the US economy.
- The four richest countries in the world will be in Asia (as measured by GDP per capita).

# Rapidly expanding middle class in developing world will drive growth both globally and regionally for years to come



Source: The Emerging Middle Class in Developing Countries, Homi Kharas, Jan 2010  
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# Appendix

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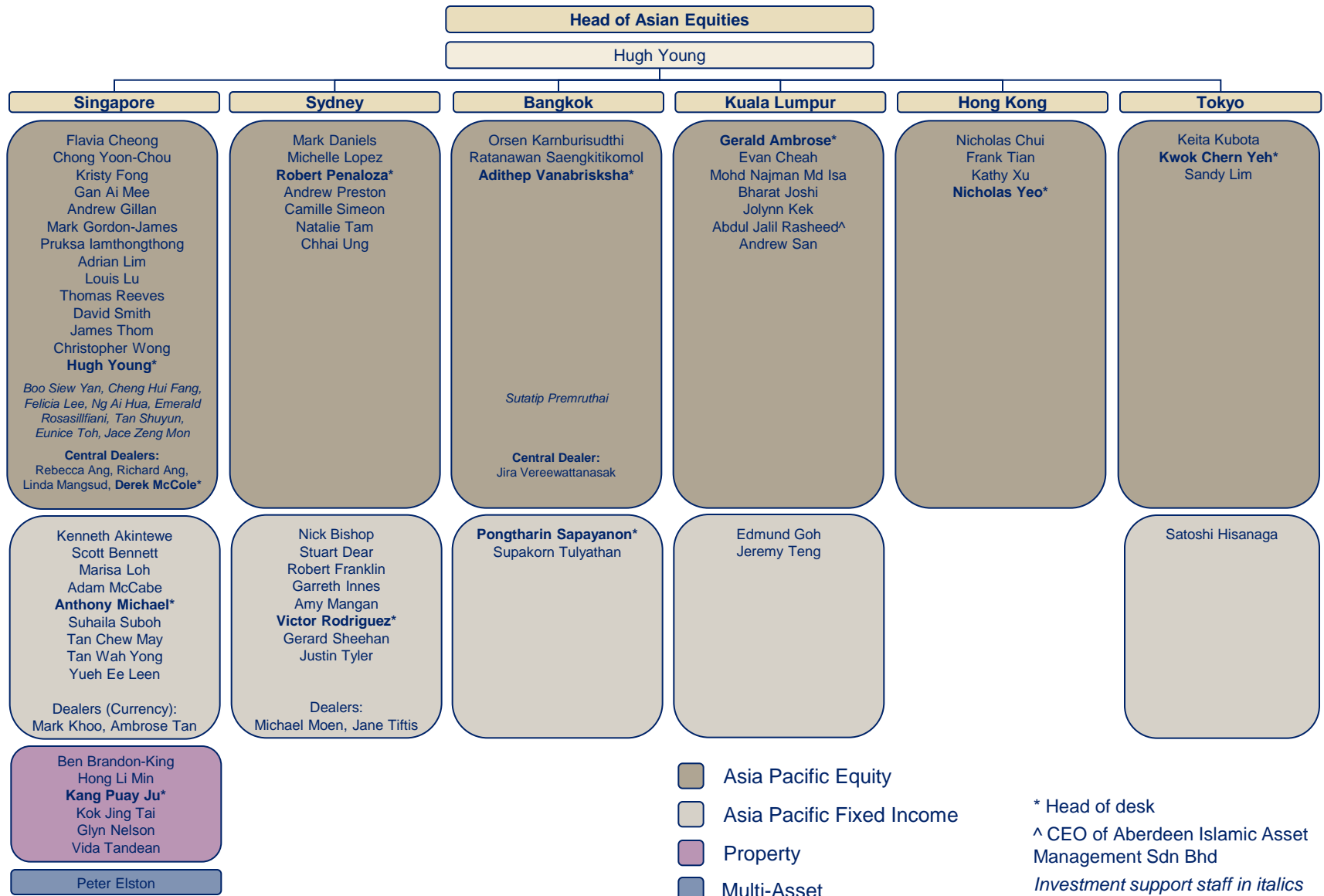
# Aberdeen's Asia-Pacific Closed-End Funds

Fund	Investment Objective	Website
Aberdeen Asia-Pacific Income Fund, Inc. "FAX"	Current income through investments primarily in Asian and Australian debt securities	<a href="http://www.aberdeenfax.com">www.aberdeenfax.com</a>
Aberdeen Australia Equity Fund, Inc. "IAF"	Long-term capital appreciation through investments primarily in equity securities of Australian companies listed on the Australian Stock Exchange Limited*	<a href="http://www.aberdeeniaf.com">www.aberdeeniaf.com</a>
Aberdeen Emerging Markets Telecommunications and Infrastructure Fund, Inc. "ETF"	Long-term capital appreciation by investing primarily in equity and debt securities of emerging markets telecommunications and infrastructure companies; approximately 50% of the fund invested in Asia-Pacific	<a href="http://www.aberdeenetf.com">www.aberdeenetf.com</a>
Aberdeen Global Income Fund, Inc. "FCO"	High current income by investing primarily in global fixed income securities; approximately 40% invested in Australia and New Zealand*	<a href="http://www.aberdeenfco.com">www.aberdeenfco.com</a>
Aberdeen Indonesia Fund, Inc. "IF"	Long-term capital appreciation and income as a secondary objective by investing primarily in Indonesian securities	<a href="http://www.aberdeenif.com">www.aberdeenif.com</a>
The Asia Tigers Fund, Inc. "GRR"	Seeks long-term capital appreciation by investing primarily in Asian equity securities.	<a href="http://www.aberdeengrr.com">www.aberdeengrr.com</a>
The India Fund, Inc. "IFN"	Seeks long-term capital appreciation by investing primarily in Indian equity securities	<a href="http://www.aberdeenifn.com">www.aberdeenifn.com</a>
The Singapore Fund, Inc. "SGF"	Capital appreciation through investment in equity securities issued by Singapore and ASEAN-based companies	<a href="http://www.aberdeensgf.com">www.aberdeensgf.com</a>

Investors should consider a fund's investment objectives, risks, charges and expenses carefully before investing. A copy of the prospectus for Aberdeen Australia Equity Fund, Inc. and Aberdeen Global Income Fund, Inc. that contains this and other information about the fund may be obtained by calling 866-839-5205. Please read the prospectus carefully before investing. Investing in funds involves risk, including possible loss of principal.



# Aberdeen Asia-Pacific fund management team



Includes affiliated persons operating under an inter-company agreement.

Source: Aberdeen Asset Management, 16 Jan 2012



# Competitive advantage

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- Dedicated investing in Asia since 1985
- Experienced and cohesive team
- Robust investment process
  - Disciplined, replicable and consistent
  - **Always** meet and interview a company before investing
- Proprietary research/visit note gives deeper insights, differentiates us from peers
- Independence: Not compelled to own stocks that fail our screens
- Long track record
- Genuine team effort



# Disclaimer

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