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ASEAN – now! The place to grow.

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ASEAN MEMBER COUNTRIES



ASEAN represents a population of some 590 million and combined GDP of over A\$1.8 trillion (2009).



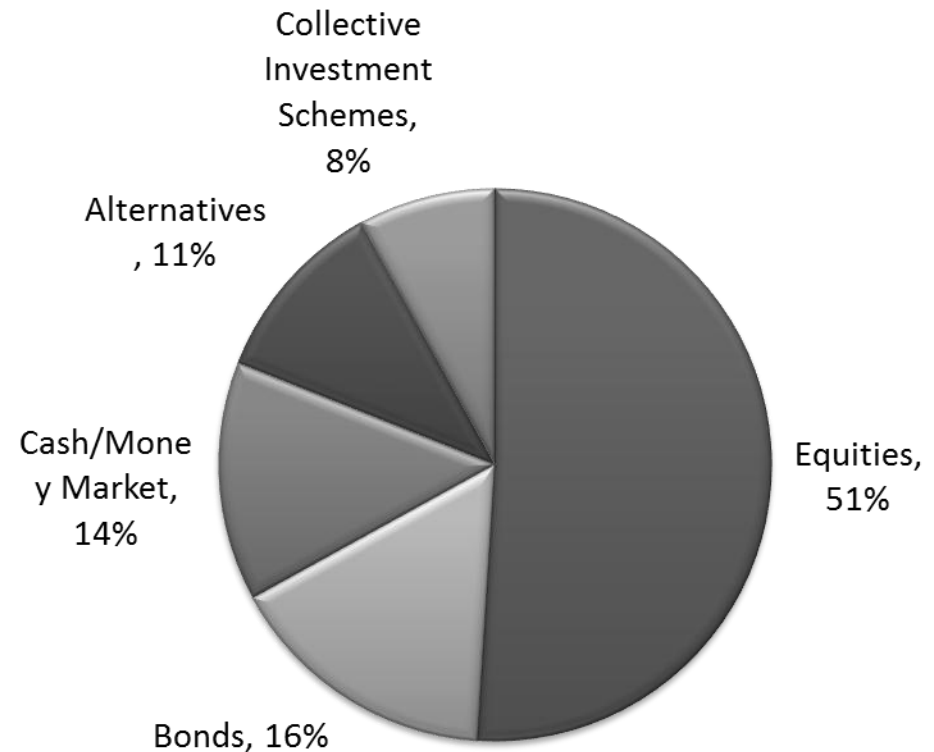
SINGAPORE



Market Overview:

- Singapore is a global financial services hub
- Market size of asset management industry is SGD1.2 trillion (AUD 0.9 trillion)
- Average growth rate of 19% per annum (2005-2009)
- 80% of AUM is sourced from outside Singapore
- 61% of total AUM is invested in Asia Pacific, 8% in Europe and 5% in US

Asset Allocation (2009)



Data Source: Monetary Authority of Singapore 2009



SINGAPORE



Regulatory Environment:

- Monetary Authority of Singapore is the regulator and also promotes Singapore as a financial services hub
- No foreign ownership restrictions
- Low barriers to entry, well-established judicial system, pro-business

Trends/Opportunities:

- Strong expansion of the alternative investment industry, which comprises hedge funds, private equity and real estate investment managers
- Australian fund managers are perceived by locals to be strong in managing funds related to resources, commodities, infrastructure and real estate



INDONESIA



Market Overview:

- Asset Under Management: IDR 146 trillion (AUD 16 billion) – Dec 2010
- Asset class as of November 2010: Bonds (46.1%), equities (41.5%), money market (10%) and others (2.4%).
- 83 licensed fund management companies . Top 4 companies control 60% of the market.
- > 90% of investors are domestic investors
- Institutional investors are mainly corporates and pension funds
- Commercial banks control the distribution of funds



Regulatory Environment:

- Cannot operate without a license, which is issued by Bapepam-LK
- No more than 15% of fund assets may be invested offshore
- Foreign companies can own up to 99% of JV fund management company (min. capital of IDR 25 billion)

LAST	CHANGE	STOCK	BY-SL	INV-B	INV-SL	PRICE	LOT	TIME
2150	100	MEHA	BO-FZ	0	0	150	4	113640
183	4	MEHA	BO-FZ	0	0	150	4	113642
225	5	PTBA	BO-FZ	0	0	1350	1	113642
295	10	INAF	VP-2R	0	0	85	189	113642
2375	100	BUHI	VP-NI	0	0	2250	10	113646
189	6	BUHI	VP-NI	0	0	2250	10	113646
2650	100	LSIP	CS-YJ	1	0	6550	70	113647
91	1	LSIP	IM-YJ	0	0	6550	20	113647
475	0	LSIP	VP-VJ	0	0	6550	3	113647
1300	40	DEHA	CP-GR	0	0	230	40	113647
395	5	CNKO	PP-DH	0	0	85	214	113648
4325	0	CNKO	PP-DH	0	0	85	214	113648
160	25	---	---	---	---	---	---	---
1750	40	BO-FZ	---	0	0	150	5	113640
2775	50	PP-OD	---	0	0	111	384	113640
144	3	S-OD	---	0	0	111	50	113640
6250	300	PP-OD	---	0	0	111	66	113640
18500	600	PP-YR	---	0	0	230	100	113640
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INDONESIA



Trends/Opportunities:

- Number of individual investors – currently 0.1% of population (approx 350,000 investors) – estimated to grow to 2 million investors by 2013
- Large and growing middle class with appetite for investment management solutions
- Investors switching to equity funds due to new tax structure on bonds
- Local fund management companies seeking partnership with foreign players – particularly to gain transfer of know-how/expertise in manufacturing mutual fund products – so opportunity for foreign firms is access to large and established Indonesian distribution channels



THAILAND



Market Overview:

- Assets under Management (as of Dec 2009) USD72.2billion
- Growth rate: 25.9% (2009 over 2008)
- Equity funds were the best performing LGC for 2010 where Bond and Money market funds severely underperformed their riskier counterparts for 2010
- No. of Securities Business Licensees – (41 securities companies, 22 asset management companies, 2 venture capital management companies)
- Total number of funds in 2010 was 1,374 with 9% growth from 2009
- Investment funds by type (2010):
 - √ Mutual fund = 68.3%
 - √ Private fund = 9.9%
 - √ Provident fund = 21.8%

Regulatory Environment:

- Regulated by either Ministry of Finance and Bank of Thailand or Securities & Exchange Commission
- New wholly-owned subsidiary is likely to be permitted in 2012
- Thai mutual funds attract 0% tax / foreign investors is subject to 15% withholding



THAILAND



Trends/Opportunities:

- *Mutual fund* will continue to grow with average return of 12% per year
- *Money-market fund* remains popular
- *Equity funds* were boosted by the rise of the Stock Exchange of Thailand Index and foreign capital flows
- *Property funds, Commodity funds*
- *Full financial liberalization on January 1, 2012*

Tips for Doing Business:

- In the short term ,and/or until 2012, only opportunity to enter the Thai market is via merging or joint venturing with local licensed investment management company



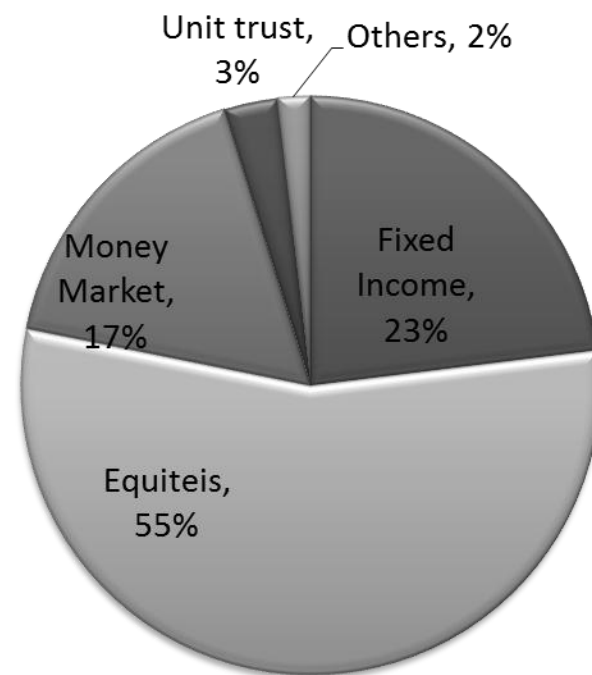
MALAYSIA



Market Overview:

- Market size of asset management industry is MYR 315 billion (AUD 103 billion)
- Growth rate of 41% (2008-2009)
- 87% of total AUM is invested inside Malaysia
- Top 5 fund management companies accounted for 66.1% of total funds under management
- 2nd largest Islamic funds centre in the world, after Saudi Arabia

Asset Allocation (2009)



Data Source: Securities Commission Malaysia



MALAYSIA



Regulatory Environment:

- Securities Commission is the regulator for the funds management industry
- Foreign ownership of fund management companies and Real Estate Investment Trust (REIT) management companies is allowed up to 70%; and Islamic fund management companies are allowed 100% foreign ownership;
- Islamic funds are permitted to invest 100% of assets abroad. Conventional funds with no domestic borrowing are allowed to invest up to 100% of their total funds, otherwise overseas investment is limited to 50% of the net asset value

Trends/Opportunities:

- Institutional investors are increasing overseas investments
- Increasing interest in real estate and infrastructure investments
- Islamic finance

Data Source: Securities Commission Malaysia, Asia Development Bank



PHILIPPINES



Market Overview:

- Asset under management (2009): US\$39B
- Growth rate : 35% (2009 over 2008)
- Dominated by 3 players which are all local banks
- Foreign banks active in the market
- Market has low appetite for risk
 - ✓ Bonds – 65%
 - ✓ Equities – 21%
 - ✓ Money market & balanced funds – 14%
- Most products are distributed through banks



Regulatory Environment:

- Low barriers to entry
- Regulated by the Securities & Exchange Commission (SEC)
- Investment companies such as mutual funds can be 100% foreign-owned



PHILIPPINES



- Philippine-registered mutual funds can invest 100% of portfolio in foreign funds/securities
- Mutual fund company established locally is taxable like a domestic corporation

Trends/Opportunities:

- New products such as the REITs, PERA
- Trust industry looking for new investment outlets
- Prospects of converting OFW remittance business into managed assets
- Growing interest in micro finance and micro insurance for the unbanked



VIETNAM



Market Overview:

- High inflation (11,1% - 2010)
- Currency volatility
- 123 Vietnamese funds worldwide with 5 traded locally in Vietnam and the rest traded in Europe, the US and various Asian markets like Korea.
- Key players: Dragon Capital, Saigon Securities, Bao Viet, Prudential, Manulife, Vinacapital, Indochina Capital and Mekong Capital.
- Exit method: stock exchange listing (60%) and secondary sales (27%)
- Tax rate:
 - ✓ 0,1% for fund certificate transference.
 - ✓ 25% for dividend income (institution) & 5% (individual).



VIETNAM



Regulatory environment

- Ministry of Finance, Ministry of Planning and Investment, State Securities Commission and State Bank of Vietnam are the principal agencies for setting policies, issuing licenses, monitoring the equities market and monetary policy.
- The foreign investor in Vietnam limit is 30% for banks and 49% for other companies.
- Minimum legal capital : 25 billion VND (~ US\$1.2mil).



VIETNAM



Trends/Opportunities:

- Vietnamese companies are delivering return on equity (ROE) that are as good as or better than its regional peers.
- Real estate investment trust will be introduced in 2011
- Local financial institutions are seeking strategic foreign partner to leverage on foreign capital and expertise

Tips for Doing Business:

- Choose experienced and reputable partners/advisors to work with in the market
- Consider exit strategy carefully even before entering the market



Tips for doing business across ASEAN



- Local contacts, local knowledge – use the Austrade network
- Invest time in studying and understanding the each respective market, conditions, trends, business culture and investors' appetite
- ASEAN markets are RELATIONSHIP driven (in person rapport building, personal interaction and trust important)
- Consider wisdom of partnering with a local company
- Patience and long term commitment



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