

# ING Investor Dashboard

Q1 2010 Regional Findings

Presented by ING

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**BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES**



# Q1 10 Key Findings

- ING Investor Dashboard pan-Asia (ex-Japan) Sentiment Index for Asia remains strong in Q1 2010
  - Maintains level following post-financial crisis run-up in 2009
  - 145 for Q1 10 versus 147 for Q4 09
  - Investor confidence still high; double crisis low of 73 for Q4 2008
  - Remains in optimistic territory for fourth consecutive quarter
  - Indicates investors' belief in a sustained global recovery
- “Growth optimism” drives investor sentiment in developed economies
  - Indexes for Hong Kong and Singapore jump 139% and 170% respectively from crisis low in Q4 08
  - 77% of Hong Kong investors and 86% of Singapore investors believe their local economies improved in Q1 09 versus 63% of Asia investors (ex-Japan)
  - Signals continued confidence in the local economies; possibly buoyed by optimism that exports will pick up with global recovery

# Q1 10 Key Findings

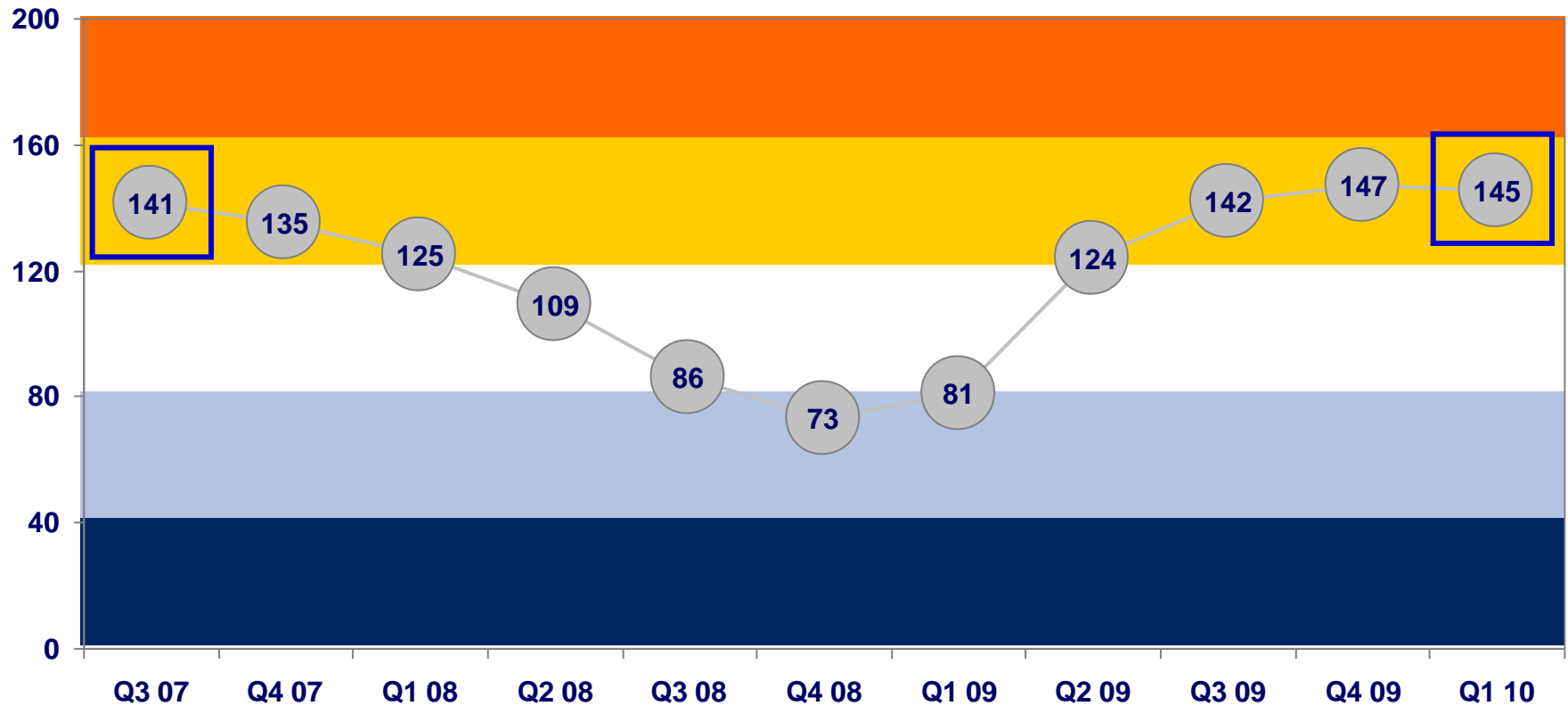
- Sentiment gap between the high-growth economies of India and China widens
  - China and India continue to be the most optimistic in the region as domestic consumption continues to be strong despite credit tightening measures in China and rising food inflation in India
- U.S. and China seen as key drivers of the global economy but investors are cautious of developments in the U.S.
  - U.S. and China are seen by 76% and 68% of Asia investors (ex-Japan) respectively as the top drivers of the global economy
  - 38% believe the U.S. economy will recover fully within a year compared to 53% in Q4 09
  - 57% expect the U.S. economy to improve the next quarter compared to 61% in Q4 09
  - Asia investors continue to favour a more balanced or conservative investment strategy as they await signs that the U.S. recovery is on solid footing

# Q1 10 Key Findings

- Rising inflation and interest rates remain high on investors' watch list for 2010
  - 57% of Asia investors (ex-Japan) expect inflation to increase in Q2 10 while 73% expect inflation to increase in 2010
  - 53% expect domestic interest rates to rise in Q2 10 while 61% expect domestic interest rates will rise in 2010
  - 50% also expect U.S. interest rates to rise in 2010
  - Investors who have debt or mortgage obligations appear more averse towards rising interest rates
- Investors sit on the fence and turn to “safe” investments
  - Cash deposits, equities and gold are seen as safe havens as expectations of interest rate hikes increase

# Pan-Asia ING Investor Dashboard Sentiment Index

The ING Investor Dashboard pan-Asia (ex-Japan) Sentiment Index holds steady within the “optimistic” territory. Investor sentiment score remains strong at 145 for Q1 10, doubling from the financial crisis low of 73 for Q4 08.



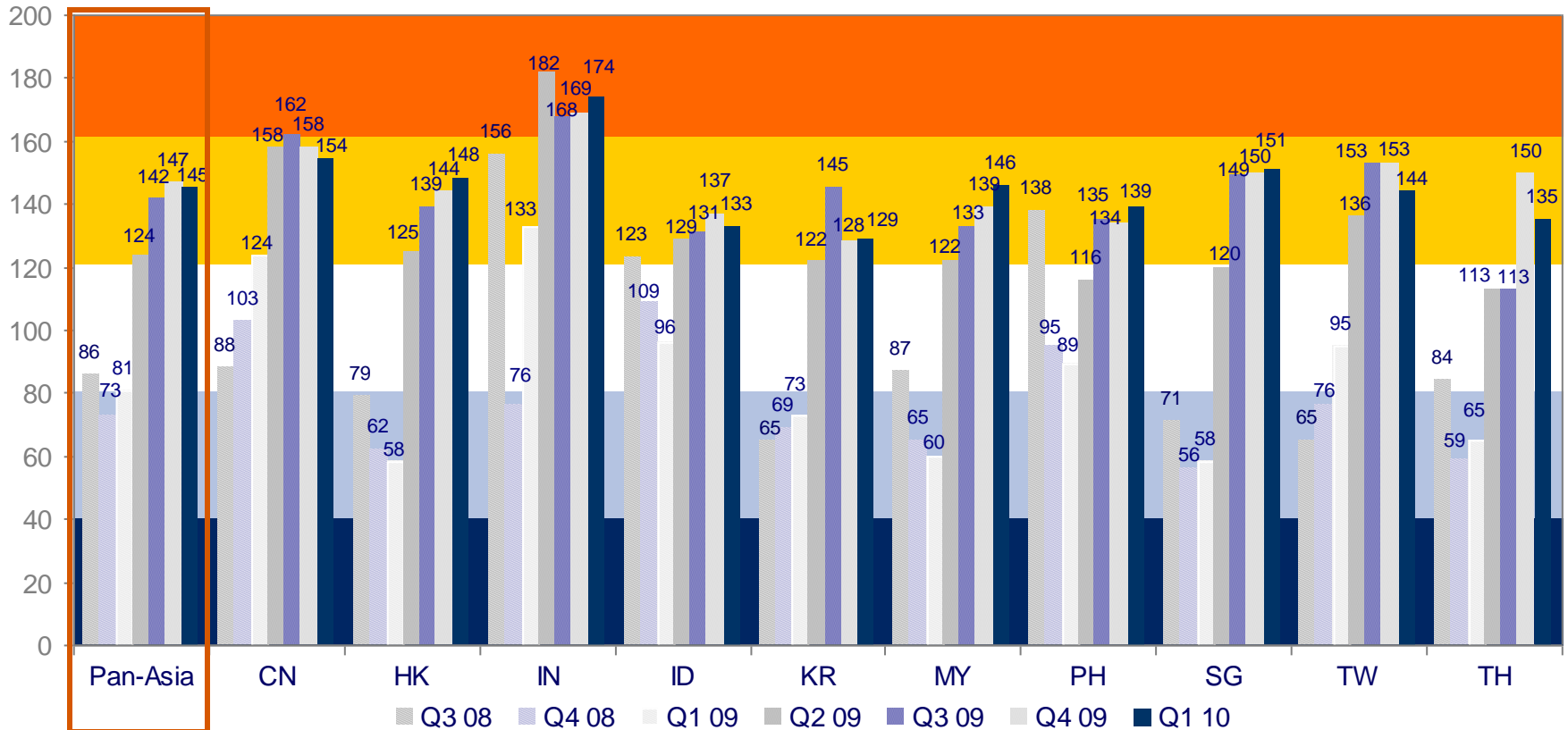
The ING Investor Dashboard pan-Asia sentiment index is derived from the median of 10 markets – China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Korea (KR), Malaysia (MY), the Philippines (PH), Singapore (SG), Taiwan (TW) and Thailand (TH)

Very optimistic   Optimistic   Neutral   Pessimistic   Very pessimistic

Base: All Respondents - excluding Japan (JP) and Australia (AU)

# ING Investor Dashboard Sentiment Index – 10 Markets

China and India continue to lead in investor sentiment as strong consumption continues to drive their economies while “growth optimism” boosts investor sentiment in the developed economies of Hong Kong and Singapore. Sentiment in the emerging Southeast Asia economies is mixed, with optimism increasing in Malaysia and the Philippines while Indonesia and Thailand appear impacted negatively by political concerns



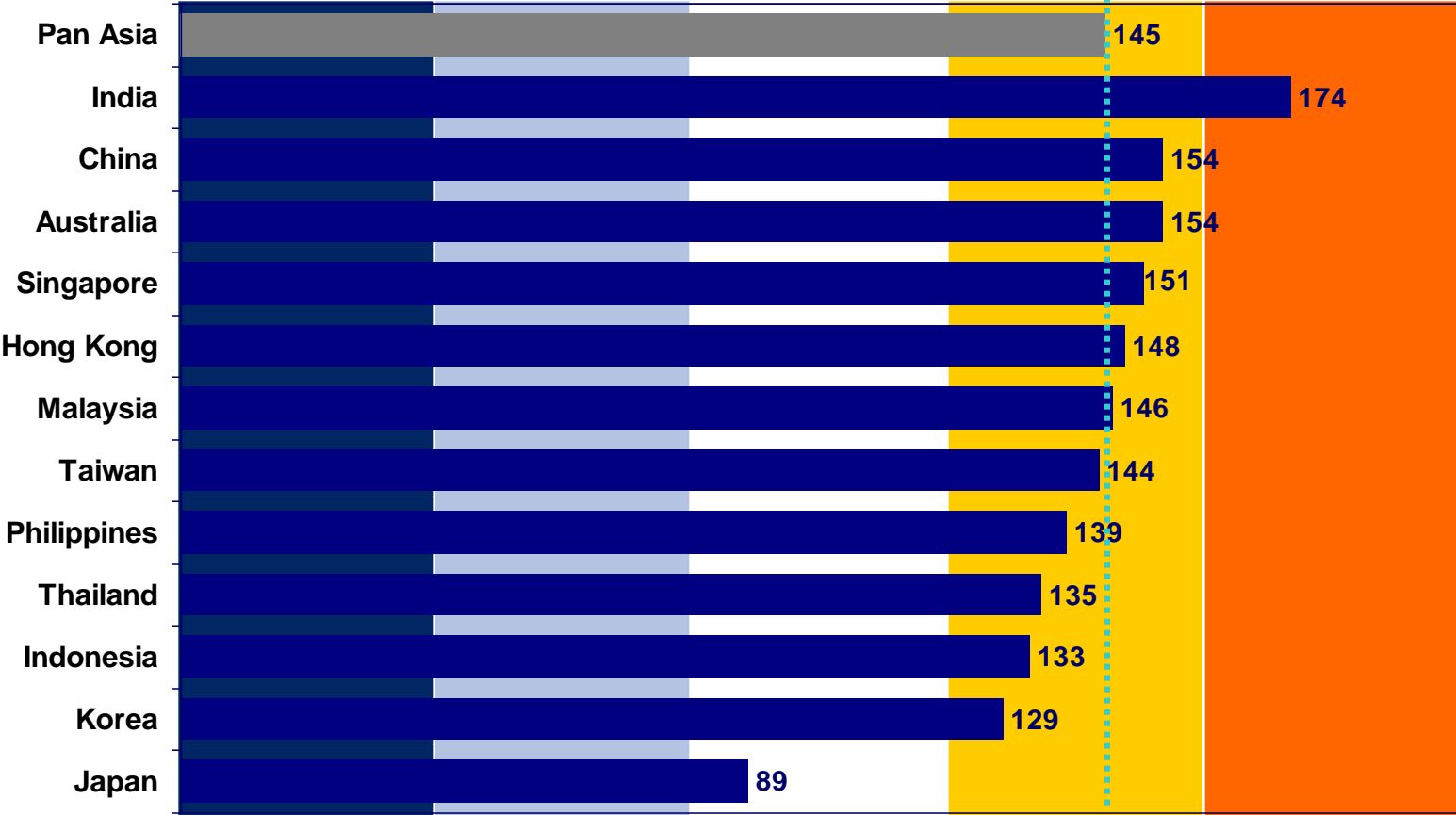
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Very optimistic Optimistic Neutral Pessimistic Very pessimistic

Base: All Respondents



# ING Investor Dashboard Sentiment Index – Ranking



The ING Investor Dashboard pan-Asia sentiment index is derived from the median of 10 markets – China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Korea (KR), Malaysia (MY), the Philippines (PH), Singapore (SG), Taiwan (TW) and Thailand (TH)

■ Very optimistic   
 ■ Optimistic   
 ■ Neutral   
 ■ Pessimistic   
 ■ Very pessimistic

Base: All Respondents - excluding Japan (JP) and Australia (AU)

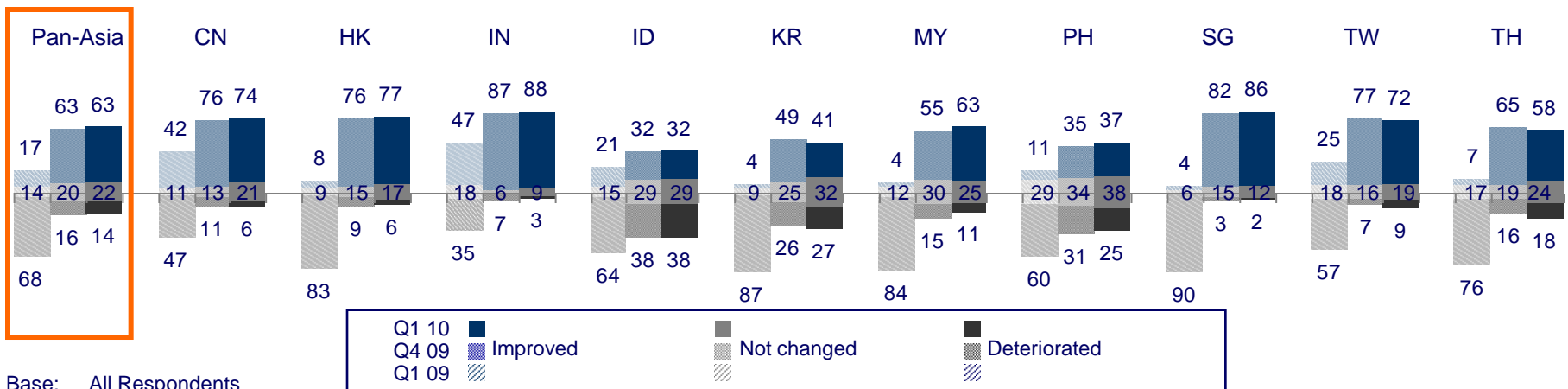


# View on Economic Situation

Most Asia markets continue to be optimistic about the local economy. 63% of Asia investors (ex-Japan) say the economic situation improved in Q1 10 the same as in Q4 09; 70% believe the economy will improve in Q2 10.

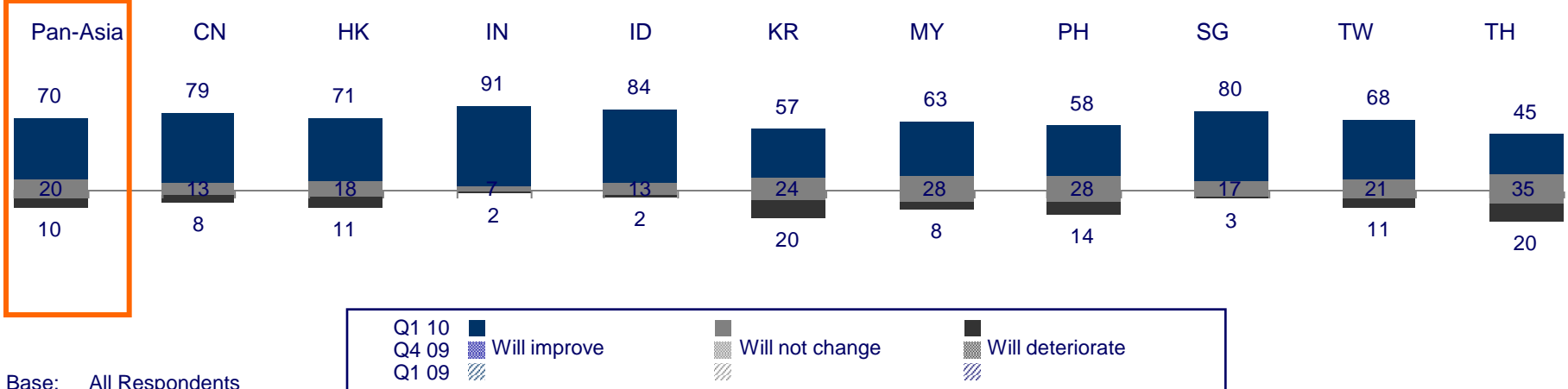
## View on Economic Situation – Q1 10

% of respondents who think the economic situation in their market had improved, not changed and deteriorated



## View on Economic Situation – Q2 10

% of respondents who think the economic situation in their market will improve, not change and deteriorate

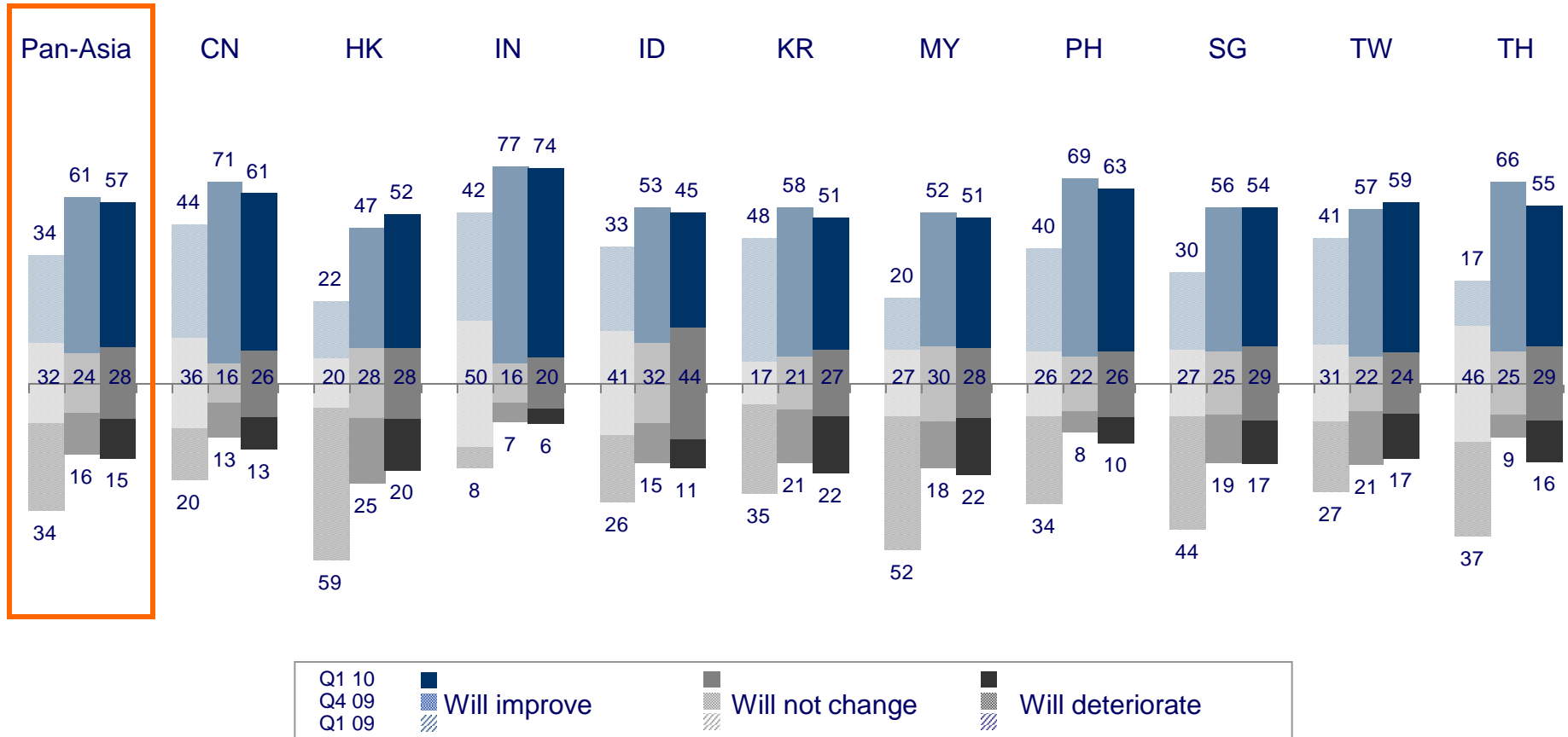


# View on the U.S. Economic Situation

Expectations about the improvement of the U.S. economy in Q2 10 dropped. 57% of Asia investors (ex-Japan) in Q1 10 say they believe the U.S. economy will improve the next quarter, compared to 61% in Q4 09.

## View on U.S. Economic Situation – Q2 10

% of respondents who think the U.S. economic situation will improve, not change and deteriorate in the next quarter

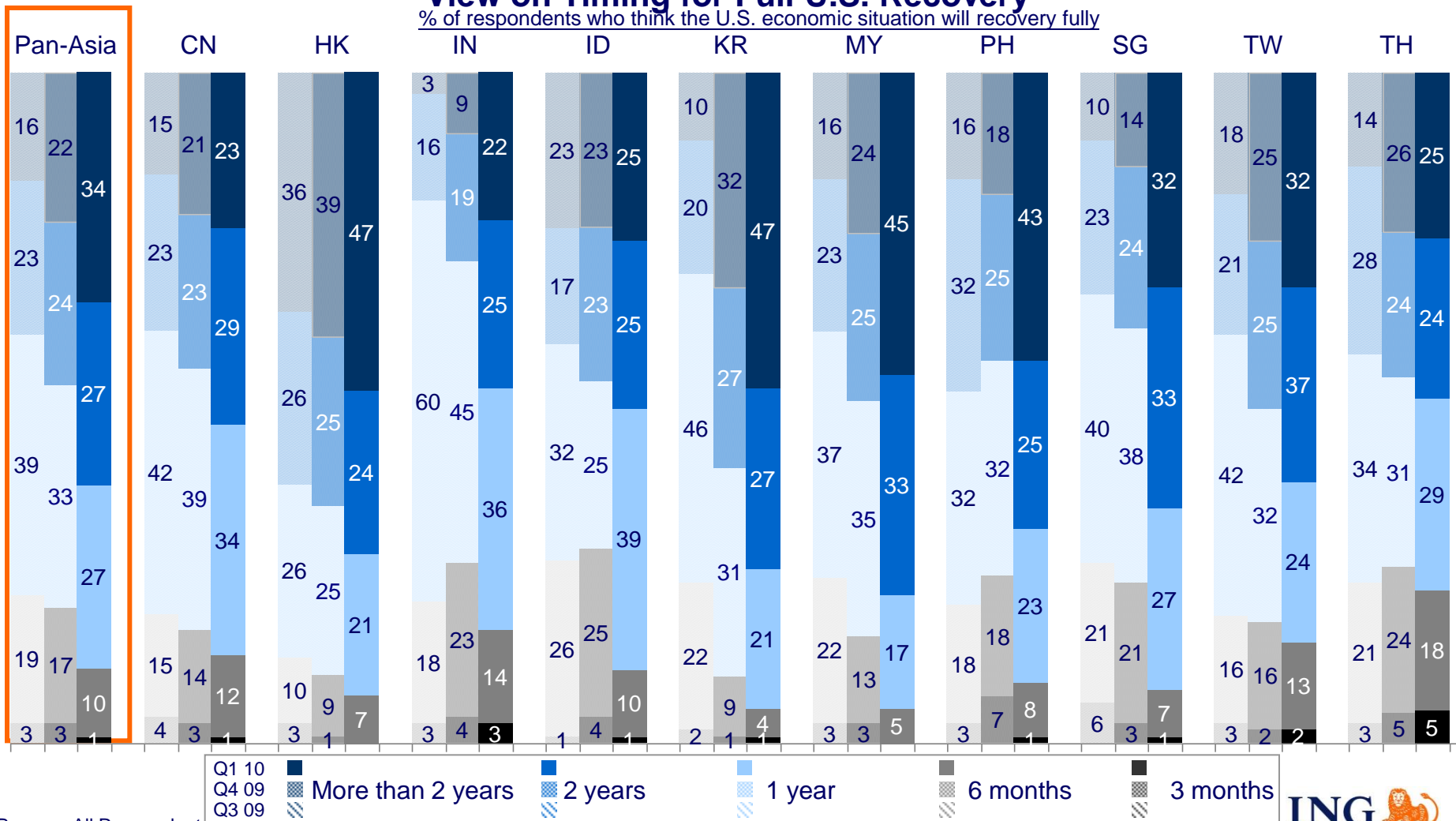


# View on Timing for Full U.S. Recovery

Asia investors' confidence in a speedy U.S. economic recovery continues to drop. 38% of Asia investors (ex-Japan) expect the U.S. economy to recover fully within a year from now, compared to 53% in Q4 09.

## View on Timing for Full U.S. Recovery

% of respondents who think the U.S. economic situation will recovery fully



Base: All Respondents

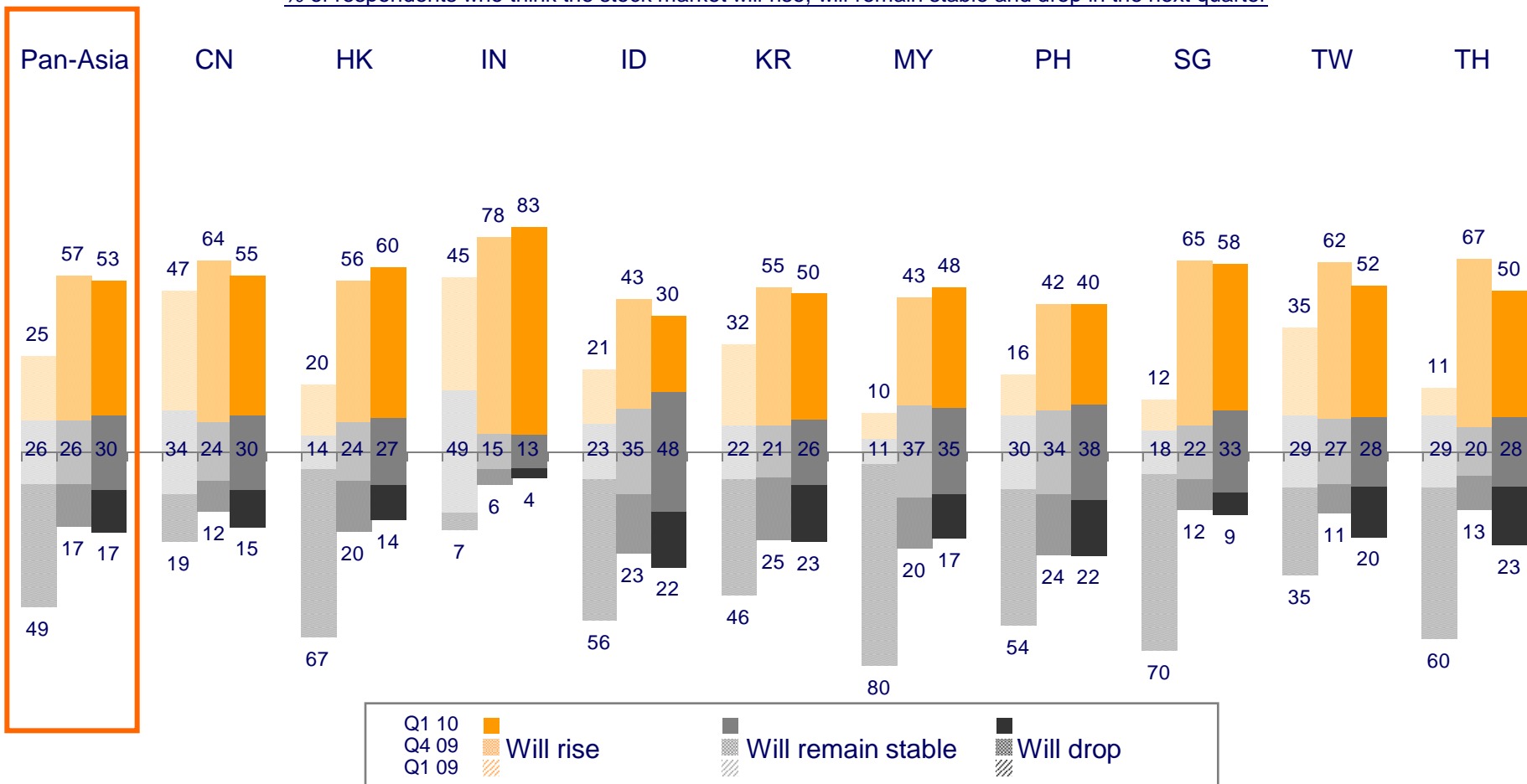


# View on Stock Market

Asia investors continue to be relatively bullish on the stock markets. 83% of Asia investors (ex-Japan) believe the stock market will remain at the current level or rise (by an average of 8.4%) in Q2 10.

## View on Stock Market – Q2 10

% of respondents who think the stock market will rise, will remain stable and drop in the next quarter



Base: All Respondents

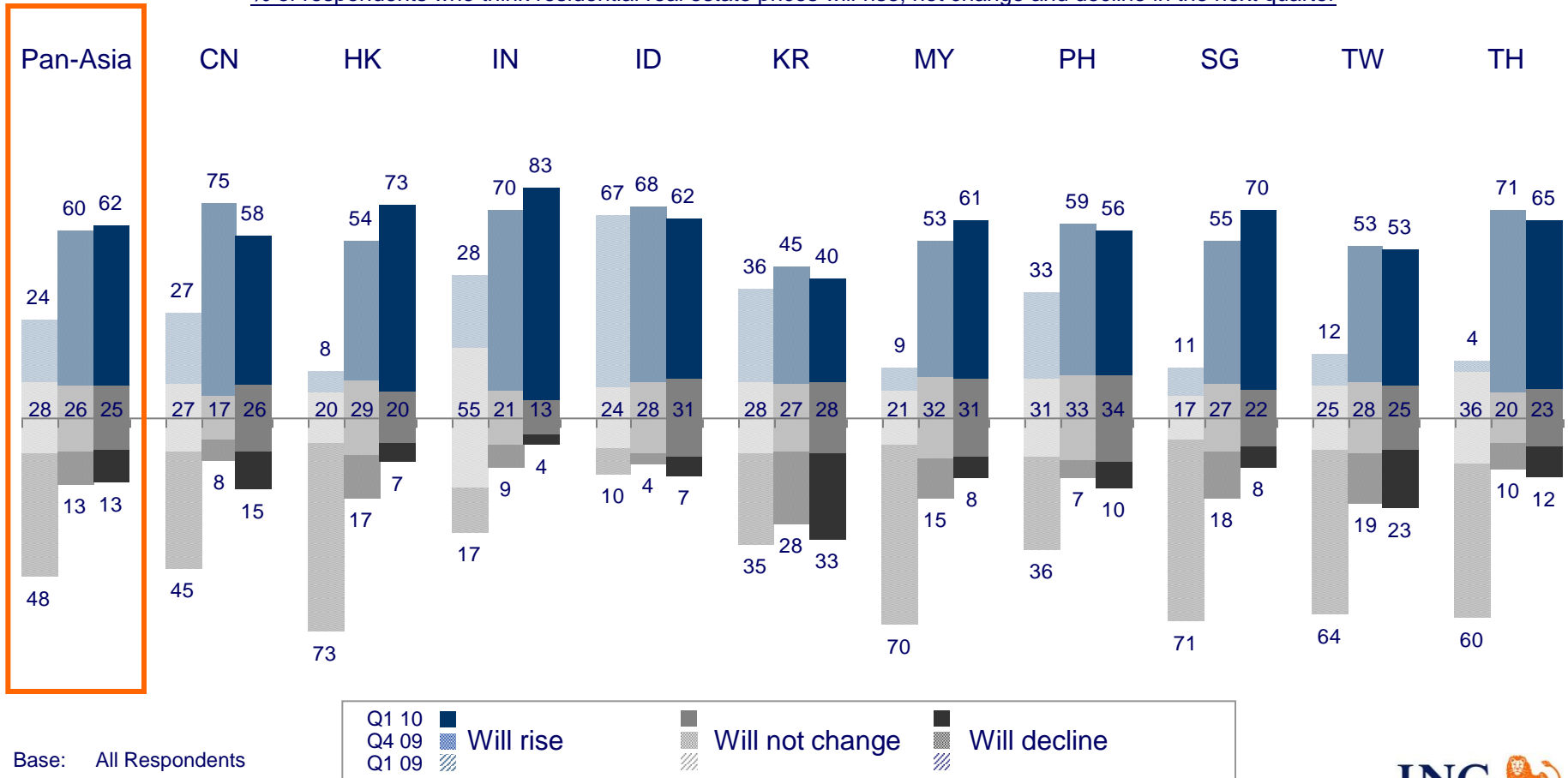


# View on Residential Real Estate Prices

Asia investors remain bullish about the property market. 87% expect residential real estate prices to remain at the current level or rise (by an average of 3.8%) in Q2 10.

## View on Residential Real Estate Prices – Q2 10

% of respondents who think residential real estate prices will rise, not change and decline in the next quarter

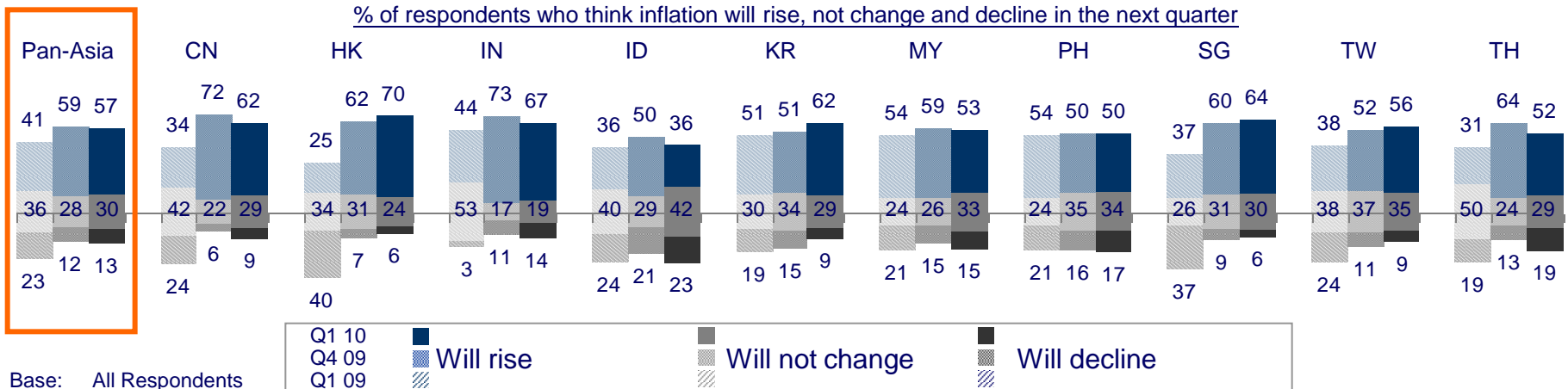


# View on Inflation

Inflation concerns abate slightly but inflation continues to be seen as a risk in 2010. 57% of Asia investors (ex-Japan) expect inflation to rise in Q2 10 while 73% expect inflation to rise within the year.

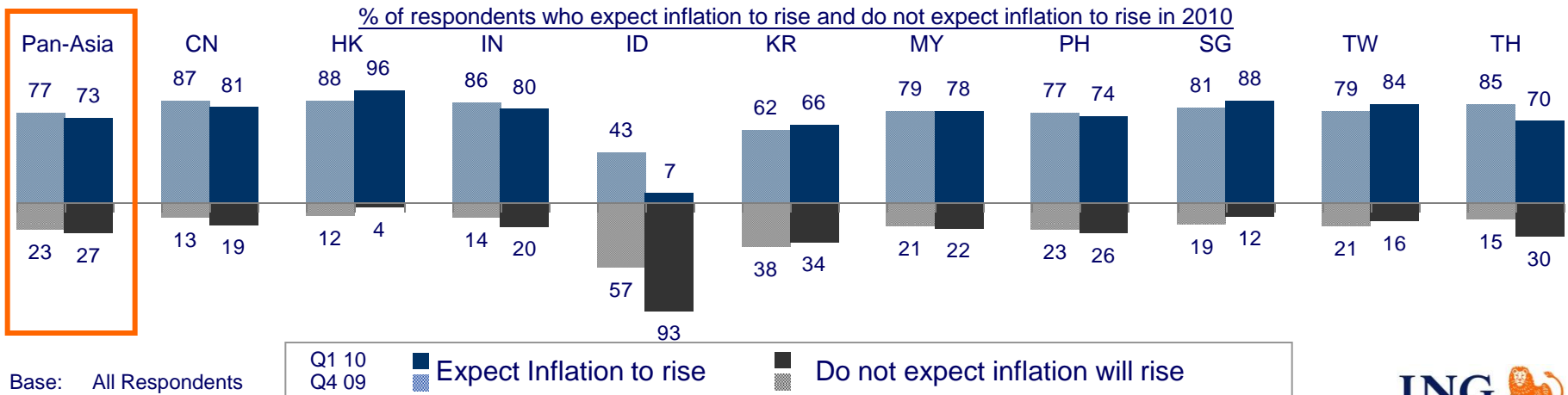
## View on Inflation – Q2 2010

% of respondents who think inflation will rise, not change and decline in the next quarter



## View on Inflation – 2010

% of respondents who expect inflation to rise and do not expect inflation to rise in 2010

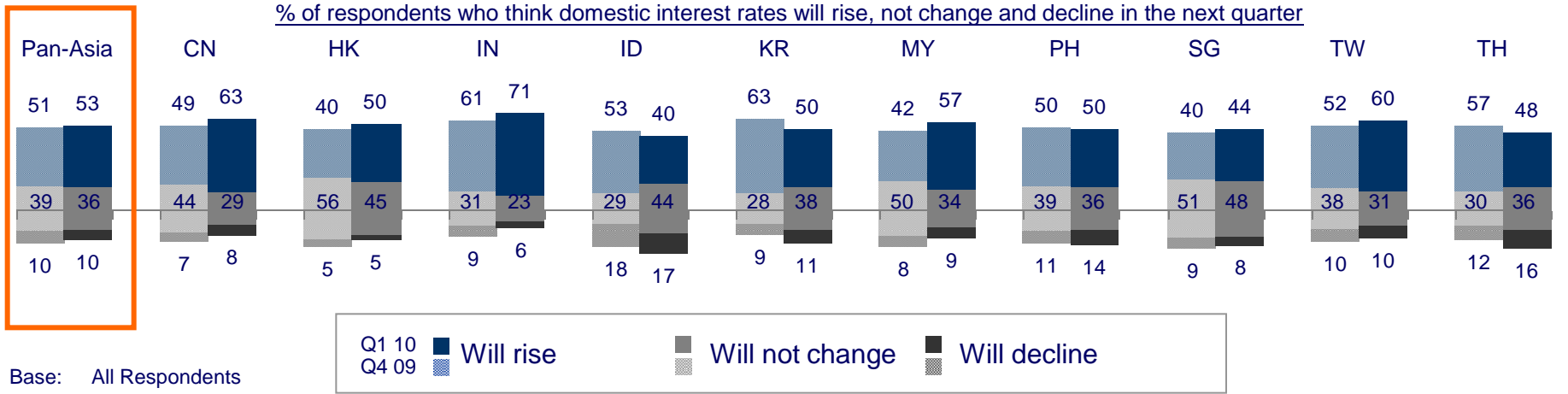


# View on Domestic Interest Rates

Interest rate hikes are anticipated in 2010. 53% of Asia investors expect domestic interest rates to rise in Q2 10 while 61% expect domestic interest rates to rise in 2010.

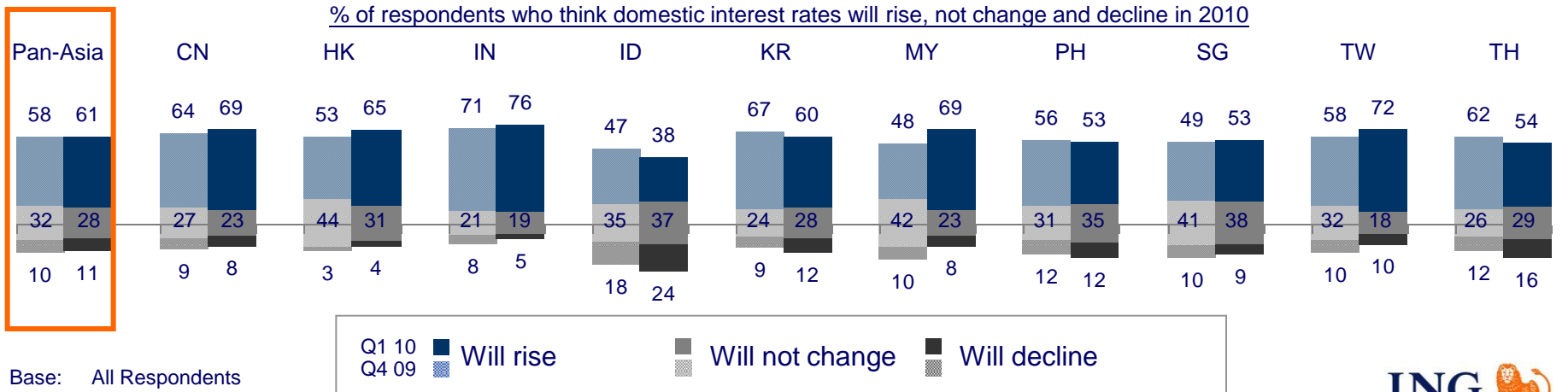
## View on Domestic Interest Rates – Q2 2010

% of respondents who think domestic interest rates will rise, not change and decline in the next quarter



## View on Domestic Interest Rates – 2010

% of respondents who think domestic interest rates will rise, not change and decline in 2010

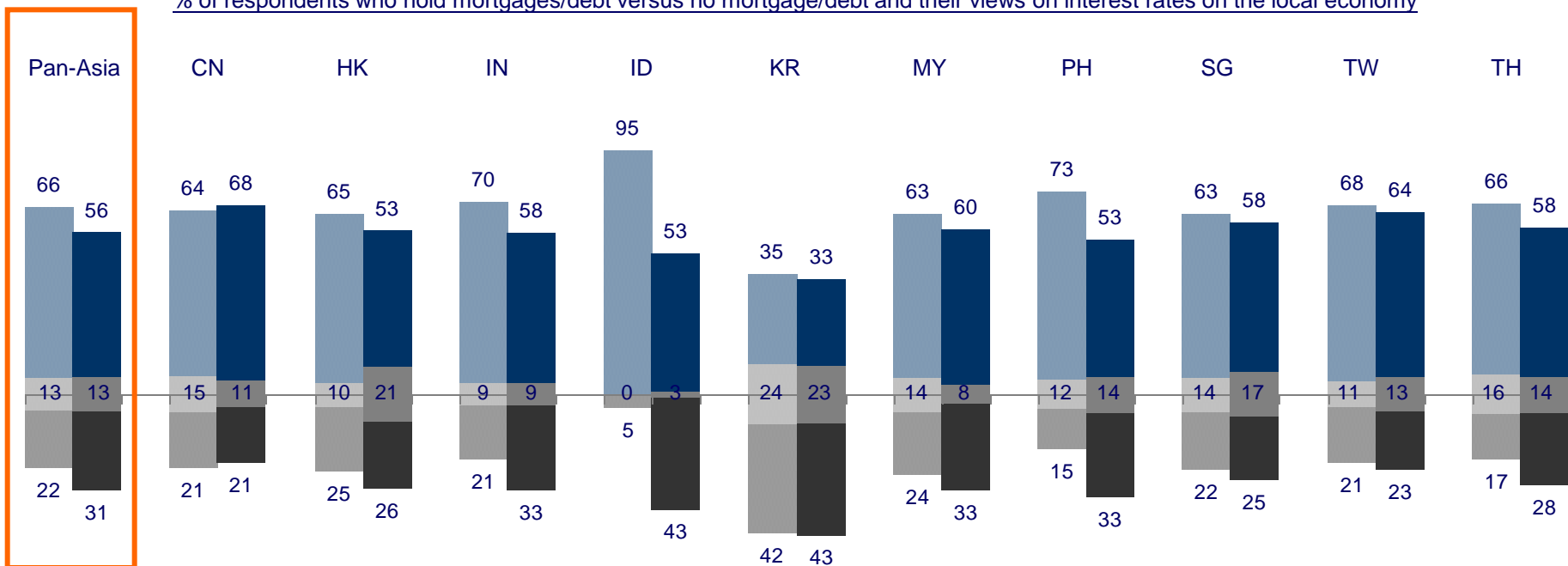


# Effect of Rising Domestic Interest Rates on Local Economy *(Investors holding mortgages versus no mortgage)*

Investors with debt or mortgage obligations are more averse to rising interest rates. 31% of Asia investors with mortgage/debt expect that rising domestic interest rates will have a negative impact on the local economy; compared to 22% of investors without mortgage/debt.

## View of Rising Domestic Interest Rates on Local Economy– Q2 10

% of respondents who hold mortgages/debt versus no mortgage/debt and their views on interest rates on the local economy



Have mortgage/debt ■ Will have slight / considerable  
 No mortgage/debt ■ positive impact ■ No impact ■ Will have slight/ considerable negative impact



# Q1 10 Investments

Cash/deposits, local stocks, and local residential real estate continue to be the preferred investment tools by investors in key Asia markets (ex-Japan) in Q1 10.

## Top Investment Tools in Q1 2010

(% of investors who invested)

	1st	2nd	3rd	4th	5th
<b>Pan Asia</b>	<b>Cash/deposits (78%)</b> (+ 2%)	<b>Local stocks (49%)</b> (- 1%)	<b>Local residential real estate (self-occupied) (47%)</b> (+ 1%)	<b>Gold (38%)</b> (0%)	<b>Local mutual funds &amp; unit trusts (31%)</b> (-3%)
<b>CN</b>	<b>Cash/deposits (81%)</b> (+ 6%)	<b>Local stocks (66%)</b> (- 5%)	<b>Local residential real estate (self-occupied) (61%)</b> (- 1%)	<b>Local residential real estate (for investment) and gold (39%)</b> (- 9% / + 5%)	
<b>IN</b>	<b>Gold (73%)</b> (+ 3%)	<b>Local mutual funds &amp; unit trusts (70%)</b> (- 8%)	<b>Cash/ deposits (68%)</b> (- 5%)	<b>Local stocks (61%)</b> (+ 1%)	<b>Local residential real estate (self-occupied) (43%)</b> (+ 2%)
<b>HK</b>	<b>Local stocks (80%)</b> (- 2%)	<b>Cash/deposits (79%)</b> (- 2%)	<b>Foreign currency (56%)</b> (- 2%)	<b>Local residential real estate (self-occupied) (47%)</b> (- 4%)	<b>Overseas mutual funds &amp; unit trusts (28%)</b> (- 5%)
<b>SG</b>	<b>Cash/deposits (83%)</b> (+ 3%)	<b>Local stocks (62%)</b> (- 2%)	<b>Local residential real estate (self-occupied) (49%)</b> (0%)	<b>Overseas mutual funds &amp; unit trusts (38%)</b> (+ 7%)	<b>Local mutual funds &amp; unit trusts (37%)</b> (+ 1%)
<b>SEA Emerging Markets</b>	<b>Cash/deposits (78%)</b> (+ 4%)	<b>Gold (44%)</b> (- 1%)	<b>Local residential real estate (self-occupied) (39%)</b> (0%)	<b>Local residential real estate (for investment) (33%)</b> (- 3%)	<b>Local mutual funds &amp; unit trusts (27%)</b> (- 4%)

Base: All Respondents

Note: [+/- ]% indicates % change from Q4 09



# Pre-Financial Crisis Investments (Q3 07 – Q1 08)

Cash/deposits, domestic funds and local stocks were the top investment tools for Asia investors (ex-Japan) during the pre-financial crisis period of Q3 07 to Q1 08.

## Top Investment Tools Pre-Crisis in Q3 2007 to Q1 2008

(% of investors who invested)

	1st	2nd	3rd	4th	5th
<b>Pan Asia</b>	Cash/deposits (86%)	Domestic funds (65%)	Local stocks (62%)	Real estate (52%)	Off-shore funds (42%)
<b>CN</b>	Local stocks (80%)	Cash/deposits (77%)	Mutual funds & unit trusts (60%)	Real estate (53%)	Bonds/ fixed-interest securities (37%)
<b>IN</b>	Cash/deposits and mutual funds & unit trust (72%)		Real estate (66%)	Gold (57%)	Local stocks (55%)
<b>HK</b>	Local stocks (89%)	Cash/deposits (88%)	Foreign currency (55%)	Real estate (44%)	Mutual funds & unit trusts (43%)
<b>SG</b>	Cash/deposits (83%)	Local stocks (75%)	Mutual funds & unit trusts (51%)	Bonds/fixed-interest securities (32%)	Reits or real estate property fund (30%)
<b>SEA Emerging Markets</b>	Cash/deposits (93%)	Real estate (67%)	Gold (46%)	Local stocks (45%)	Mutual funds & unit trusts (35%)

Base: All Respondents



# Q1 10 Investment in Local Stocks

Sectors relating to financial services, energy, information & telecommunications, construction & real estate, and resources were popular local stock selections for Asia investors (ex-Japan) in Q1 10.

## Top Sectors for Local Stocks Investment in Q1 2010

### Summary for Key Asian Markets

(% of investors who invested)

	1st	2nd	3rd	4th	5th
<b>Pan Asia</b>	<b>Financial services (53%)</b> (+ 1%)	<b>Information &amp; Telecommunications and Energy (42%)</b> (+ 1%/ -1%)		<b>Construction &amp; Real estate (38%)</b> (- 2%)	<b>Resources (35%)</b> (+ 1%)
<b>CN</b>	<b>Financial services (51%)</b> (- 5%)	<b>Resources (40%)</b> (0%)	<b>Construction &amp; Real estate (38%)</b> (- 6%)	<b>Energy (37%)</b> (- 5%)	<b>Consumer goods related (34%)</b> (+ 2%)
<b>IN</b>	<b>Energy (75%)</b> (+ 8%)	<b>Information &amp; Telecommunications (68%)</b> (- 2%)	<b>Financial services (59%)</b> (+ 4%)	<b>Pharmaceuticals &amp; Healthcare (53%)</b> (+ 2%)	<b>Consumer goods related (48%)</b> (+ 9%)
<b>HK</b>	<b>Financial services (73%)</b> (- 1%)	<b>Energy (46%)</b> (- 3%)	<b>Resources (42%)</b> (- 2%)	<b>Construction &amp; Real estate (37%)</b> (- 9%)	<b>Information &amp; Telecommunications (34%)</b> (+ 4%)
<b>SG</b>	<b>Financial services (64%)</b> (+ 6%)	<b>Construction &amp; Real estate (51%)</b> (+ 5%)	<b>Information &amp; Telecommunications (47%)</b> (- 3%)	<b>Resources (32%)</b> (+ 2%)	<b>Energy (30%)</b> (+ 4%)
<b>SEA Emerging market</b>	<b>Financial services (41%)</b> (- 3%)	<b>Construction &amp; Real estate (40%)</b> (+ 4%)	<b>Information &amp; Telecommunications (33%)</b> (- 5%)	<b>Consumer goods related and Energy (30%)</b> (- 1%/ - 7%)	

Base: Respondents who have direct investments in local stocks

Note: [+/- ]% indicates % change from Q4 09



# Investment Tools to Beat Inflation

Looking forward, gold, stocks, property, cash/deposits and mutual/managed funds are the top investment tools that Asia investors (ex-Japan) are considering to beat inflation.

## Top Investment Tools Considered for Beating Inflation

### Summary for Key Asian Markets

(% of investors who will consider investing to beat inflation)

	1st	2nd	3rd	4th	5th
<b>Pan Asia</b>	<b>Gold (42%)</b> (- 3%)	<b>Stocks and Property (39%)</b> (- 3%/ + 2%)		<b>Cash/ Deposits (35%)</b> (- 2%)	<b>Mutual/ Managed funds (27%)</b> (- 3%)
<b>CN</b>	<b>Gold (44%)</b> -( 8%)	<b>Stocks (43%)</b> (- 4%)	<b>Cash/ Deposits and Property (40%)</b> (+ 10%/ - 7%)		<b>Mutual/ Managed funds and Bonds or other Fixed-interest Securities (24%)</b> (- 10%/ - 1%)
<b>IN</b>	<b>Gold (60%)</b> (0%)	<b>Mutual/ Managed funds (53%)</b> (- 8%)	<b>Stocks (52%)</b> (- 8%)	<b>Property (44%)</b> (+ 8%)	<b>Cash/ Deposits (32%)</b> (- 6%)
<b>HK</b>	<b>Stocks (70%)</b> (- 7%)	<b>Foreign currency (34%)</b> (- 5%)	<b>Property (31%)</b> (- 2%)	<b>Gold (23%)</b> (- 1%)	<b>Cash/ Deposits (22%)</b> (+ 2%)
<b>SG</b>	<b>Stocks (62%)</b> (+ 4%)	<b>Property (34%)</b> (- 1%)	<b>Reits or Real Estate Property Funds (27%)</b> (+ 1%)	<b>Foreign currency (25%)</b> (+ 7%)	<b>Mutual/ Managed funds &amp; Unit trust and Gold (24%)</b> (+ 2%/ - 12%)
<b>SEA Emerging market</b>	<b>Gold (48%)</b> (- 1%)	<b>Cash/ Deposits (41%)</b> (- 1%)	<b>Property (40%)</b> (+ 1%)	<b>Foreign currency (27%)</b> (+ 2%)	<b>Mutual/ Managed funds &amp; Unit trust (23%)</b> (- 4%)

Note: [+/- ]% indicates % change from Q4 09



Base: Respondents who will reallocate current investment portfolio to beat inflation

# Investment Tools to Take Advantage of Rising Interest Rates

Asia investors (ex-Japan) look towards cash deposits, gold, and equities/stocks as safe havens as expectations of interest rate hikes increase.

## Top Investment Tools Considered for Domestic Interest Rates

### Summary for Key Asian Markets

(% of investors who will consider due to domestic interest rate)

	1st	2nd	3rd	4th	5th
<b>Pan Asia</b>	<b>Cash/deposits (49%)</b> (+ 4%)	<b>Gold (39%)</b> (- 3%)	<b>Stocks (37%)</b> (+ 1%)	<b>Property (32%)</b> (- 3%)	<b>Mutual/ managed funds &amp; unit trust (28%)</b> (- 5%)
<b>CN</b>	<b>Cash/deposits (53%)</b> (+ 11%)	<b>Gold (45%)</b> (+ 5%)	<b>Stocks (41%)</b> (+ 8%)	<b>Property (33%)</b> (- 16%)	<b>Bonds or other fixed-interest securities (30%)</b> (+ 3%)
<b>IN</b>	<b>Gold (57%)</b> (- 3%)	<b>Mutual/managed funds &amp; unit trust (53%)</b> (- 9%)	<b>Stocks (49%)</b> (- 11%)	<b>Cash/deposits (46%)</b> (0%)	<b>Properties and bonds or other fixed-interest securities (31%)</b> (- 4%/ + 1%)
<b>HK</b>	<b>Stocks (66%)</b> (- 4%)	<b>Foreign currency (41%)</b> (+ 5%)	<b>Property (28%)</b> (- 4%)	<b>Cash/deposits (27%)</b> (- 3%)	<b>Gold (20%)</b> (+ 1%)
<b>SG</b>	<b>Stocks (50%)</b> (+ 1%)	<b>Cash/deposits (38%)</b> (- 1%)	<b>Property (27%)</b> (- 1%)	<b>Reits or real estate property funds (26%)</b> (+ 11%)	<b>Gold (25%)</b> (- 10%)
<b>SEA Emerging market</b>	<b>Cash/deposits (55%)</b> (+ 8%)	<b>Gold (44%)</b> (- 7%)	<b>Property (33%)</b> (- 5%)	<b>Mutual/ managed funds &amp; unit trust (25%)</b> (- 4%)	<b>Foreign currency (24%)</b> (- 2%)

Note: [+/- ]% indicates % change from Q4 09

Base: Respondents who will re-allocate current investment portfolio due to Domestic Interest Rates



# IN SUMMARY

# Conclusion

## • ING's Viewpoint

- Asian investors optimistic but risk appetite remains low to moderate
  - A double-dip economic scenario appears unlikely
  - Q1 2010 was a consolidation phase where investors were taking profits and assessing domestic and global developments including the crisis in Greece
  - We expect investor sentiment and investment activity to pick up towards the middle of 2010 as global recovery picks up pace and export growth continues to accelerate
- U.S. economic recovery is on a stable footing but moving at a slower pace than investors expect; concerns about a hard landing in China will affect investors in 2010
  - Unemployment in the U.S. will remain elevated for most of the year
  - Other risk factors such as a U.S. dollar appreciation and possible interest rate hikes will come into play after Q2 10
  - Concerns over a possible asset bubble burst, credit tightening and appreciation of the RMB in China will also add to investors' concerns in Q2 10
  - Investors may decide to sit on the sidelines for the short-term and keep to a more risk-averse investment strategy

# Conclusion

- **ING's Viewpoint**

- Key risks for 2010 include interest rate hikes across Asia and globally
  - Most central banks in Asia will act on interest rates only after the U.S. does so
  - We do not expect the U.S. to raise interest rates in the short-term particularly as the U.S. unemployment rate remains high; Q4 10 is the earliest period when the U.S. might increase interest rates
  - Whether U.S. interest rate hikes occur in 2010 or 2011 will depend on the rate at which unemployment progresses, how fast housing stocks and sales recover, and signs of a real economic recovery
  - However, markets like India and China may see interest rate hikes earlier than the rest of Asia – within the next two quarters
    - China may see up to two interest rate hikes as early as Q2 10 and again in Q3 10
    - Interest rate hikes in China will have minimal impact on domestic consumption which will remain strong

# Conclusion

- **Overall Advice for Investors**

- Cash and gold are traditional safe havens for most Asia investors but their yields are not optimal
- We expect investors will become more selective and aggressive and possibly shift from emerging market equities (which are overweight) into investing in the developed markets in Asia and Japan (currently underweight)
- Investors with a longer term horizon may consider looking at high-yield corporate bonds particularly as corporate bonds are currently outperforming equities
- Global opportunity funds should also be considered as it provides exposure to global equities which are at the bottom of the cycle at the moment

# APPENDIX

# Background on the ING Investor Dashboard

- ING Investor Dashboard measures and tracks investor sentiment and behaviour of mass affluent investors each quarter across 12 Asia Pacific markets
  - Markets surveyed include China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan and Australia
- Each market covered in the survey is assigned an investor sentiment score ranging from 0 (least optimistic) to 200 (most optimistic)
- First quarterly survey in Asia Pacific that also provides a pan-Asia (ex-Japan) investor sentiment index
  - Pan-Asia investor sentiment index is derived from the median investor sentiment index scores of all 10 Asian markets and excludes Japan and Australia
  - Allows each market in Asia Pacific to be benchmarked and tracked against the pan-Asia index

# Background on the ING Investor Dashboard

- Launched in Asia Pacific in October 2007 following the success of ING's Investor Barometer in Europe, which measures the sentiment of private investors and is closely tracked by the European financial industry
- Q1 10 survey was conducted in March 2010 and involved online surveys
- Respondents are aged 30 years and above, and have disposable assets or investments of US\$100,000\* and above
- Total sample size of 3,729 mass affluent investors
- Survey conducted by an international and independent research firm# and is tracked by major financial and business media organisations across all 12 markets in Asia.

\* *Exception for Indonesia (disposable assets or investments of US\$60,000 and above) and the Philippines (disposable assets or investments of US\$60,000 or monthly income of Php200,000 and above)*

# *Survey in Q1 10 was conducted by The Nielsen Company*

