

Entrepreneurial Asia – growth as usual



Elena Ogram
Portfolio Manager

Business trips to Asia are always invigorating not only due to the hustle and bustle of Asian cities, bright colors and spicy food, but also thanks to the attitude of local businessmen: grounded, confident, relaxed. During my recent trip to Bangkok and Hong Kong I had a chance to meet with Entrepreneurs of over thirty Asian companies. These meetings stroke a sharp contrast with investment meetings back in Europe. For Asian companies, be it a Thai bank or an Indonesian real estate developer, it is economic growth as usual: loan books in Thailand are expected to grow ca. 15% in 2012 and residential real estate prices in Jakarta are expected to appreciate further 15-20% in 2012 after a jump in excess of 30% in 2011. And not a single Asian manager mentioned European debt problems, the US economy slowing down or a hard-landing economic scenario in China as an issue that keeps them awake at night. This reminded me a well-known Persian proverb: dogs bark, but the caravan goes on.

ASEAN entrepreneurs exhibiting untamed growth

ASEAN countries offer increasingly attractive investment opportunities and even steal the spotlight from China. About 40% of ASEAN population is under 20, which creates a platform for a robust labor pool growth in this decade. China is on the opposite side of the labor force spectrum: its workforce is expected to shrink due to the one-child policy. Production costs in ASEAN are low, consumer markets are underpenetrated and much of the trade within the region is at zero tariffs. The level of transparency and corporate governance is typically higher, the consequence of hard lessons learned during the 1997 Asian crisis. Entrepreneurs thrive in this environment. On my Asian trip I met amongst others with the entrepreneurs of AirAsia. The company is a pioneer low-cost carrier that took off thanks to the efforts of Tony Fernandes, the majority shareholder and an entrepreneur. Mr. Fernandes was instrumental in lobbying the then Prime Minister of Malaysia in 2003 to propose the idea of open skies with neighboring Thailand, Indonesia and Singapore. Since then AirAsia has spread its wings to these countries, to the Philippines and recently to Japan. My conversation with the management of AirAsia's confirmed me in my view that their strong brand, large scale and tight cost structure ensure the carrier to continue to generate positive shareholder return potentials over the next several years.

Indonesian infrastructure developers benefit from new land acquisition bill

Another interesting area, as confirmed during my meeting with the management of Lippo Karawaci, an Indonesian real estate developer, is Indonesian industrial real estate. With the population of 230 million people, Indonesia is an attractive market. More and more companies are looking to relocate their production facilities to Indonesia to get an access to cheap workforce and a sizeable consumer market. The recently approved land acquisition bill should speed up the infrastructure development in the country, thus further improving its investment climate. Lippo Karawaci (founded by the Riady family) and Surya Semeesta (another Indonesian real estate developer, founded by the Sampoerna family) are well positioned to capitalize on this trend.

Finally one must not overlook the recent ground-breaking story of ASEAN – a radical transition taking place in Myanmar. Although equity investors will have to wait a few years before an investable market is established, the country is undergoing radical changes from a military to civilian led government and from an isolated to openly trading economy. Companies from neighboring Thailand are likely to benefit from this transformation.

BRIEFLY

- Asian economic growth continues despite debt problems in the developed world
- Smaller ASEAN countries are an attractive investment addition to the region heavyweights of China and India
- Entrepreneur companies are more prominent in South East Asia (65% of listed companies vs. 37% in North Asia)
- ASEAN investment opportunities range from regional low cost carriers to Indonesian real estate to, in a longer term, Myanmar
- Performance YTD of the BB Entrepreneur Asia Fund (B USD): +18.5% vs. MSCI Asia ex Japan +13.8% (as of 04/30/2012)

FUND FACTS

Investment Manager	Bellevue Asset Management
Custodian Bank	RBC Dexia, Luxembourg
Date of Launch	April 30, 2011
Approved for distribution	Luxembourg, Germany, Switzerland, Austria, Spain
Volume as of 04/30/2012	USD 11.7 mn
Benchmark	MSCI AC Asia ex Japan
NAV Calculation	Daily "Forward Pricing"
Management Fee	1.6%
ISIN Number	LU0605289262
Security Number	012727118
Bloomberg	BBEASBU LX Equity

DISCLAIMER

This document is neither directed to, nor intended for distribution or use by any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The information and data presented in this document are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments. The information, opinions and estimates contained in this document reflect a judgment at the original date of release and are subject to change without notice. No liability is assumed for its correctness and accuracy. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. This document is not to be relied upon in substitution for the exercise of independent judgment. Before making any investment decision, investors are recommended to ascertain if this investment is suitable for them in the light of their financial knowledge and experience, investment goals and financial situation, or to obtain specific advice from an industry professional. The details and opinions contained in this document are provided without any guarantee or warranty and are for the recipient's personal use and information purpose only. Every investment involves risk, especially with regard to fluctuations in value and return. If the currency of a financial product is different from your reference currency, the return can increase as a result of currency fluctuations. Past performance is no indicator for the current or future performance. The performance data are calculated without taking account of commissions and costs that result from subscriptions and redemptions. Commissions and costs have a negative impact on performance. This document does not reflect any risks related to investments into the mentioned securities and financial instruments. Financial transactions should only be undertaken after having carefully studied the current valid prospectus and are only valid on the basis of the latest version of the prospectus and available annual and semi-annual reports.

The Bellevue Funds (Lux) SICAV is admitted for public offering and distribution in Switzerland. Representative and paying agent in Switzerland: Bank am Bellevue, Seestrasse 16, CH-8700 Küsnacht. The Bellevue Funds (Lux) SICAV is admitted for public distribution in Austria. Paying and information agent: Erste Bank der österreichischen Sparkassen AG, Graben 21, A-1010 Vienna. The Bellevue Funds (Lux) SICAV is admitted for public distribution in Germany. Paying and information agent: Bank Julius Bär Europe AG, An der Welle 1, P.O. Box, D-60062 Frankfurt a. M. The Bellevue Funds (Lux) SICAV is registered with the CNMV under the number 938. Prospectus, simplified prospectus, the articles of association as well as the annual and semi-annual reports of the BB Funds under Luxembourg law are available free of charge from the above mentioned representative, paying and information agents as well as from Bellevue Asset Management AG, Seestrasse 16, CH-8700 Küsnacht.

Bellevue Asset Management AG
Seestrasse 16, CH-8700 Küsnacht
T +41 44 267 67 00, F +41 44 267 67 01
info@bellevue.ch, www.bellevue.ch