

Trends in Asian Investments : A New Generation Of Private Wealth In A Challenging Investment Environment

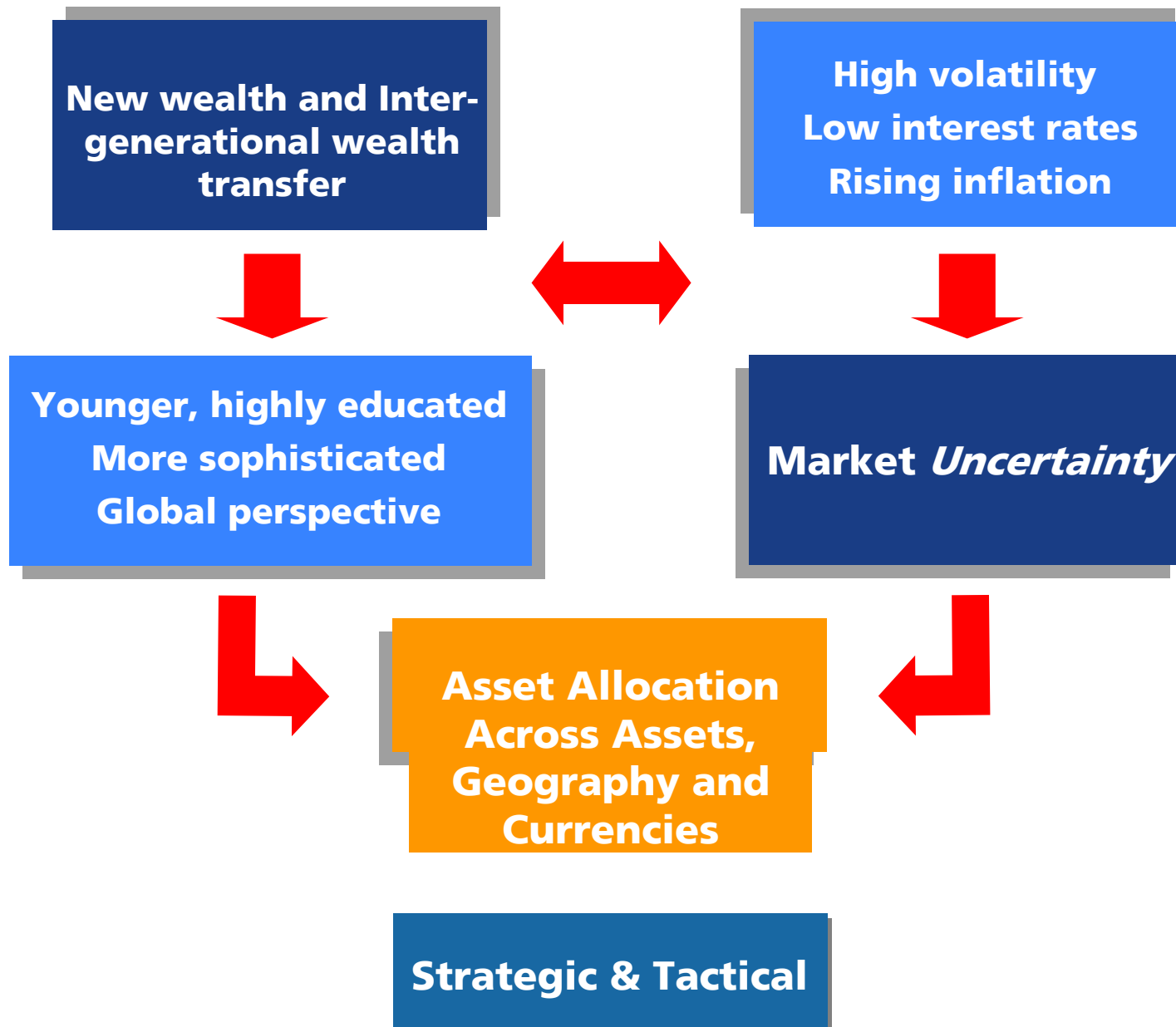
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UBS Wealth Management



19 February 2008

Overview

Trends In Asian Investing : A New Generation Of Private Wealth In A Challenging Environment



A Challenging Investment Environment

Challenging Investment Environment : Big Jump In Volatility

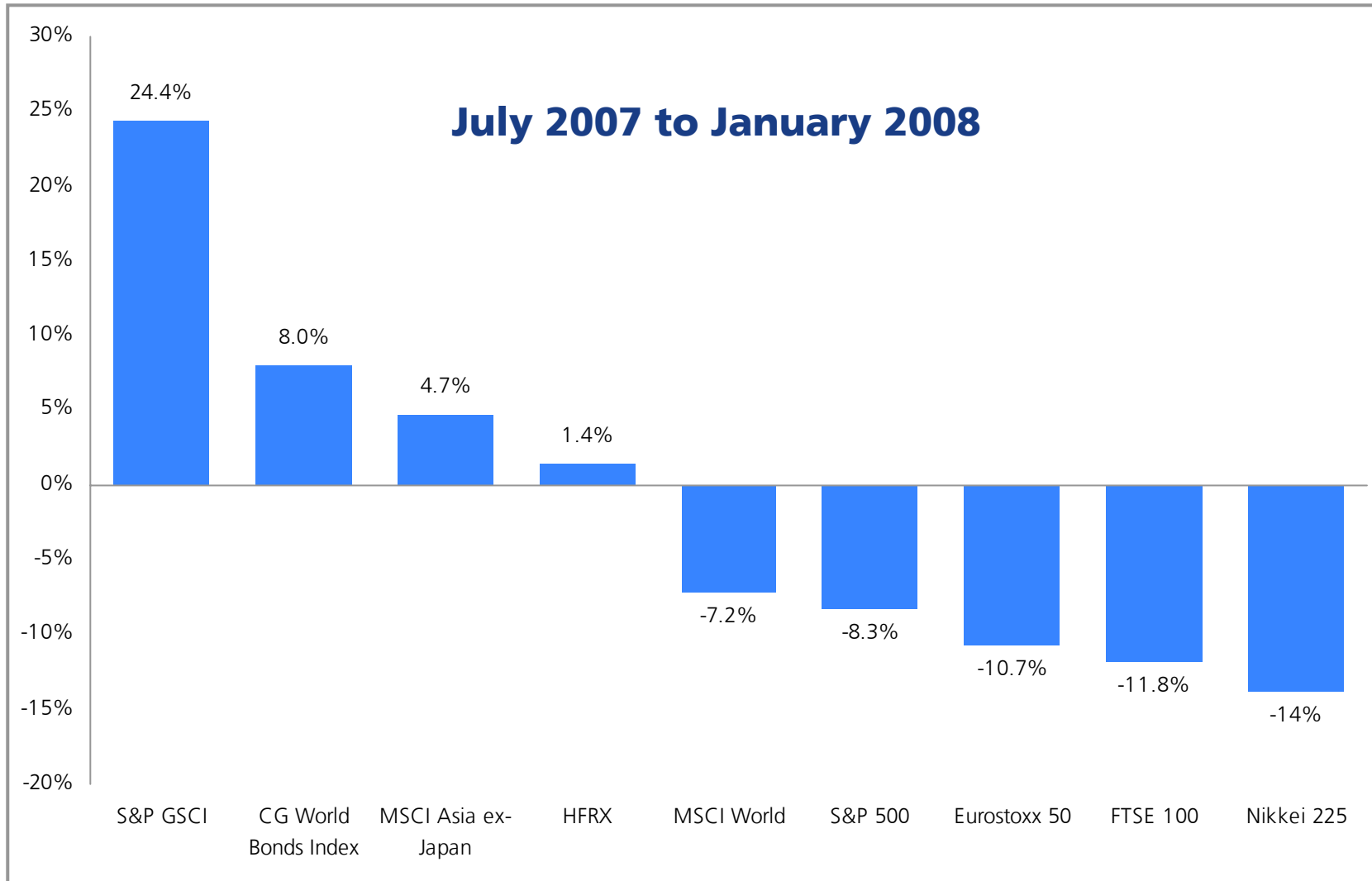
S&P 500 Volatility index



MSCI World Index



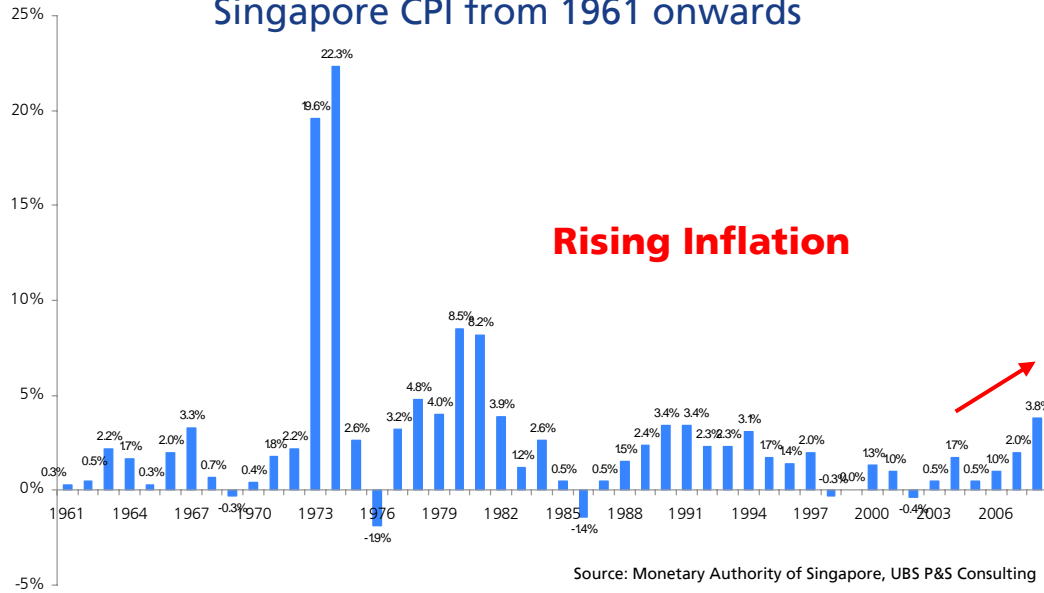
Challenging Investment Environment : Divergent Asset Class Returns



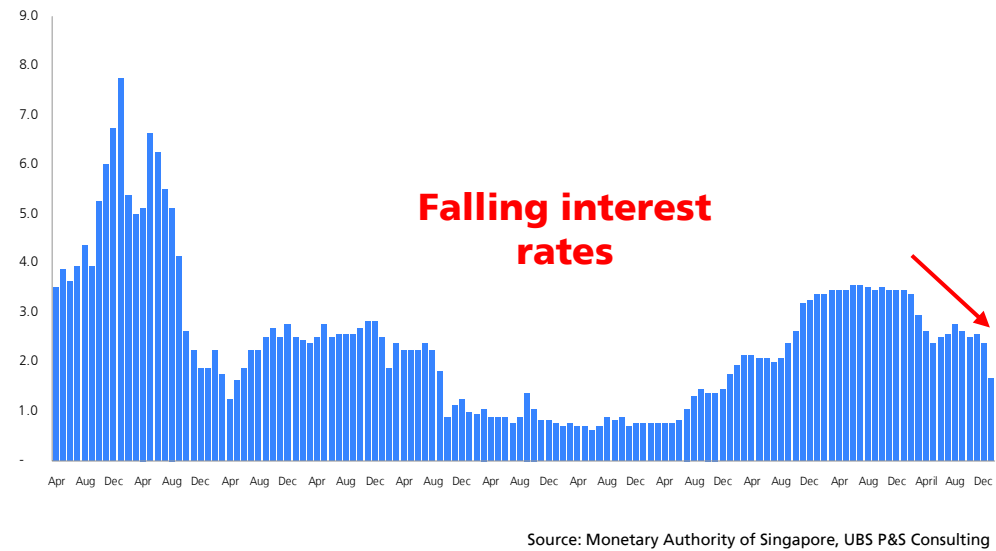
Source: Bloomberg

Challenging Investment Environment : Negative Real Interest Rates

Singapore CPI from 1961 onwards



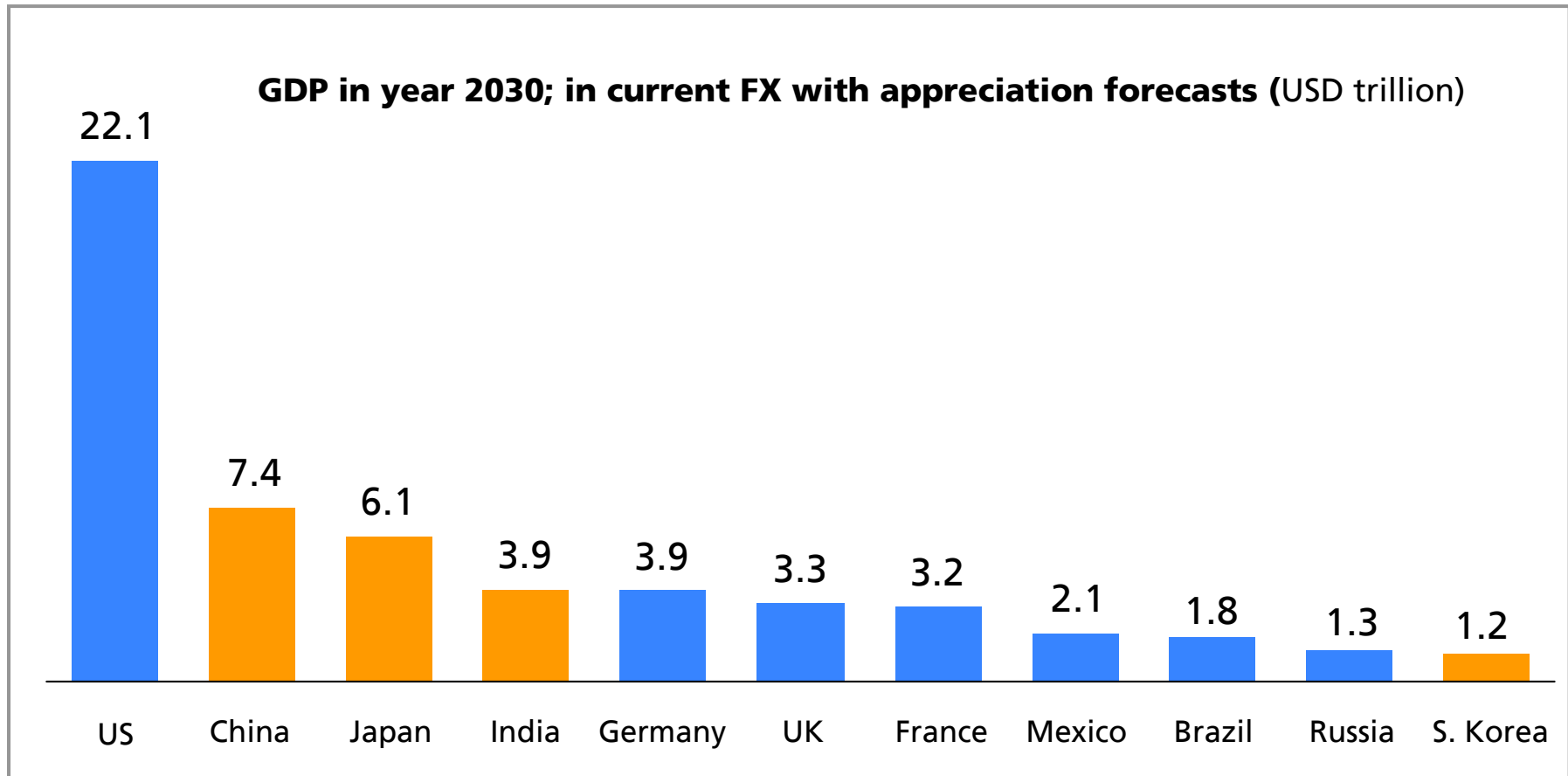
3-Month SIBOR – Over the last 10 years



A New Generation Of Private Wealth In Asia

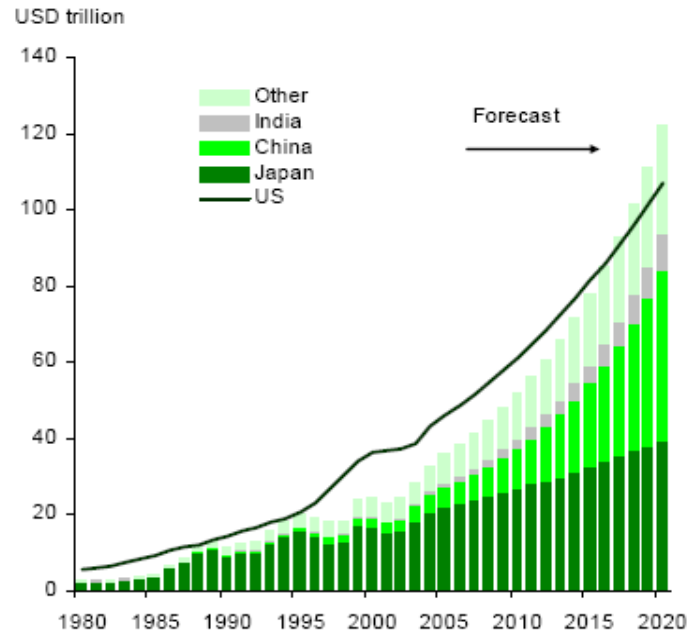
Asian Growth, The Main Driver

3 of the 4 of the world's largest economies are expected to be in Asia



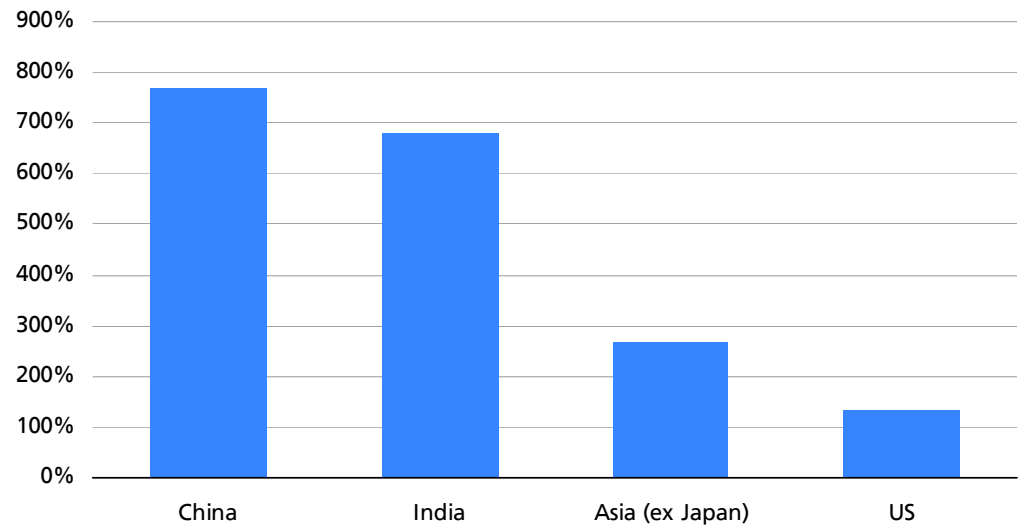
Source: IMF and UBS WM Research 2004

A New Generation Of Private Wealth



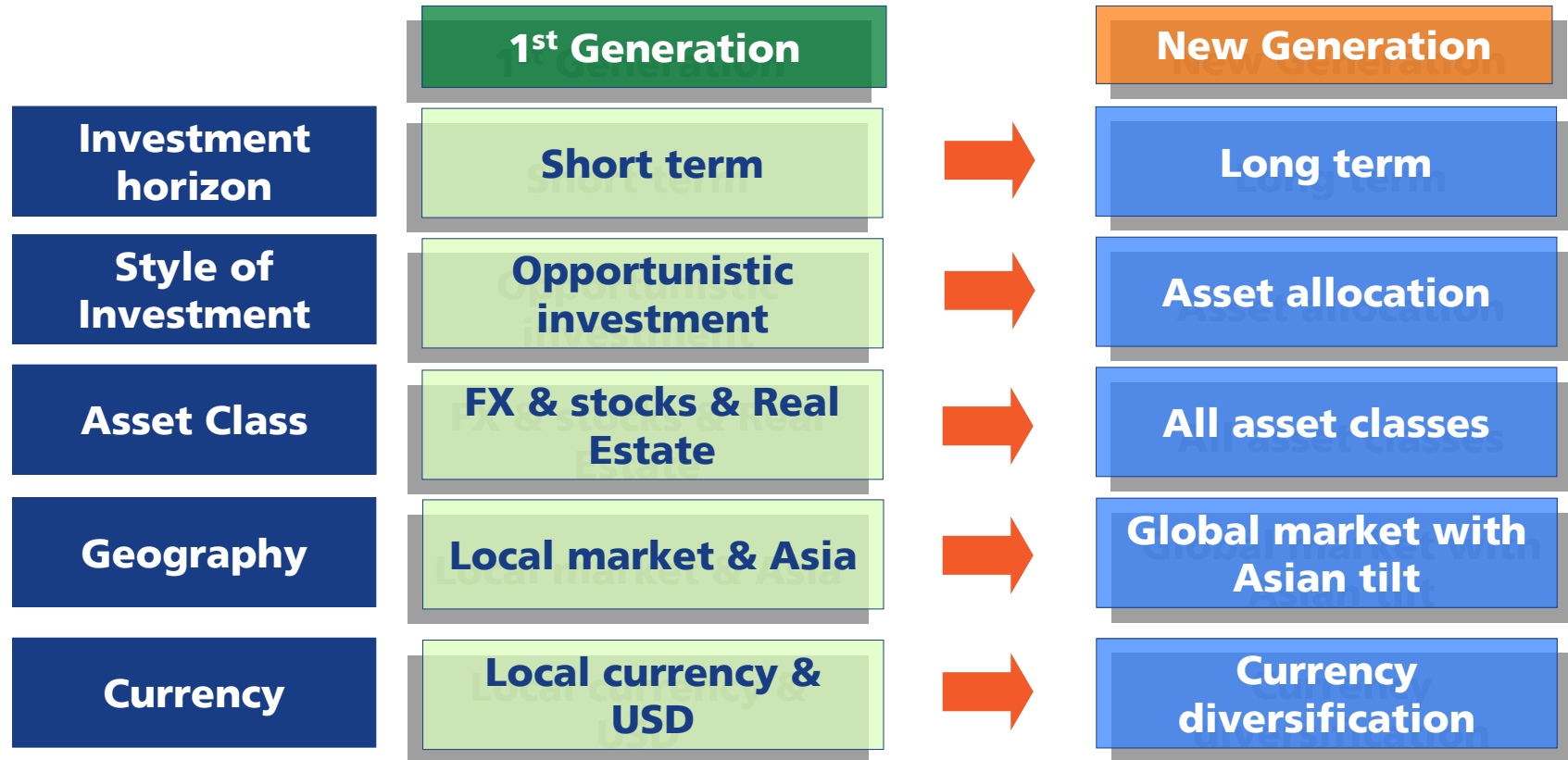
Source: CEIC, UBS IB estimates

Growth in Asian financial wealth from year 2005-2020

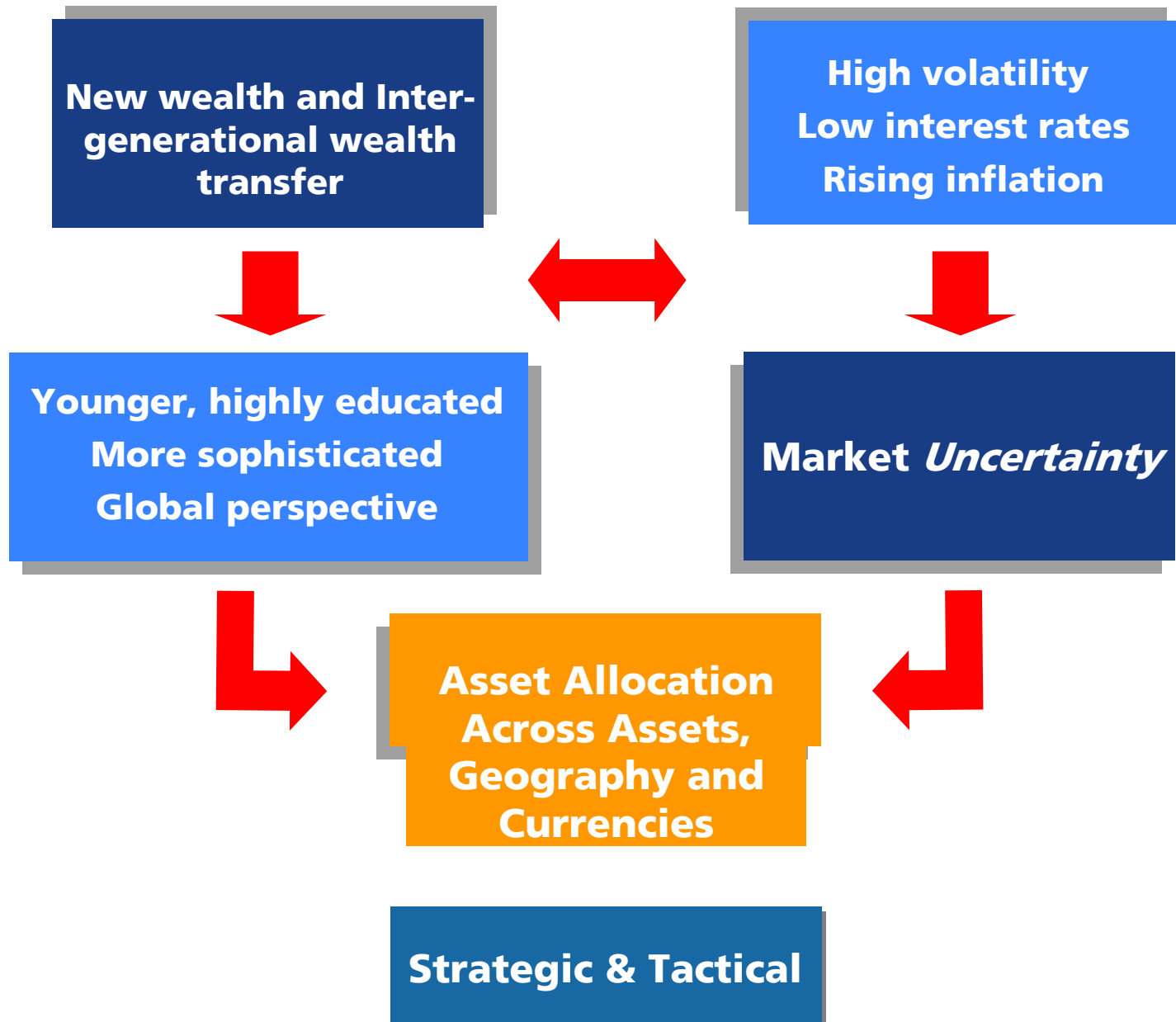


⁵Source: CEIC, UBS IB estimates, November 2006

A New Generation Of Private Wealth

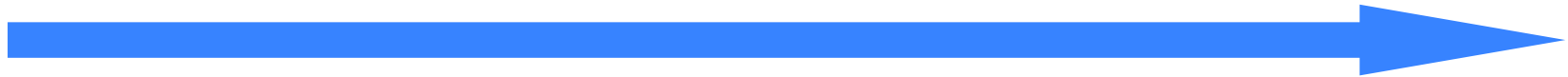


Trends In Asian Investing : A New Generation Of Private Wealth In A Challenging Environment



Trends In Asian Investments : A More Structured Approach To Asset Allocation & Diversification

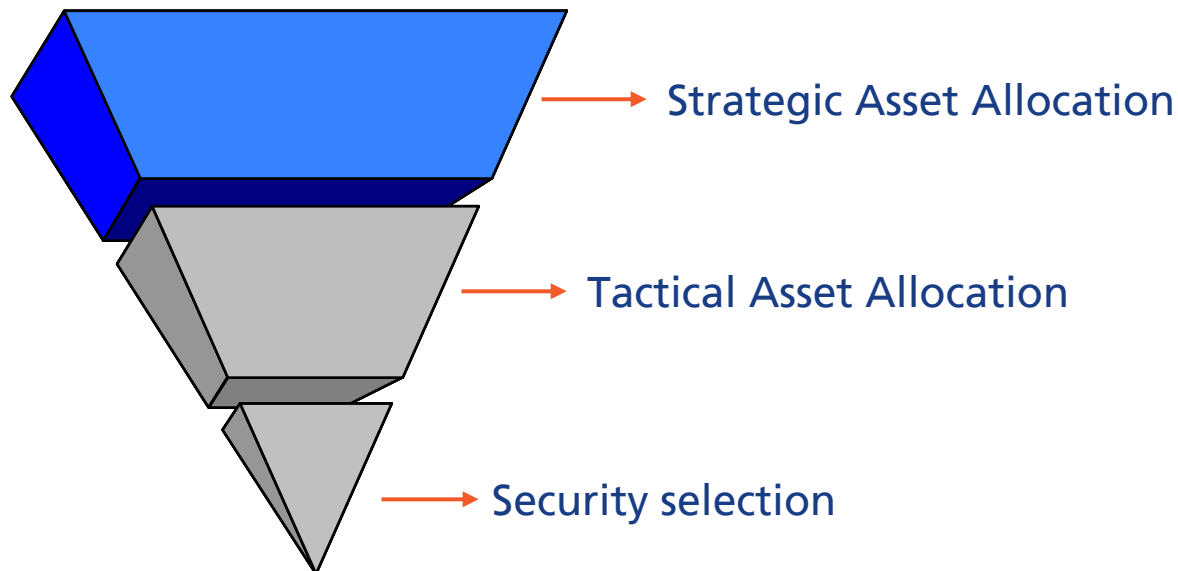
Asset Allocation accounts for 90% of investment success



◆ 1986
Brinson, Hood
& Beebower: 94%

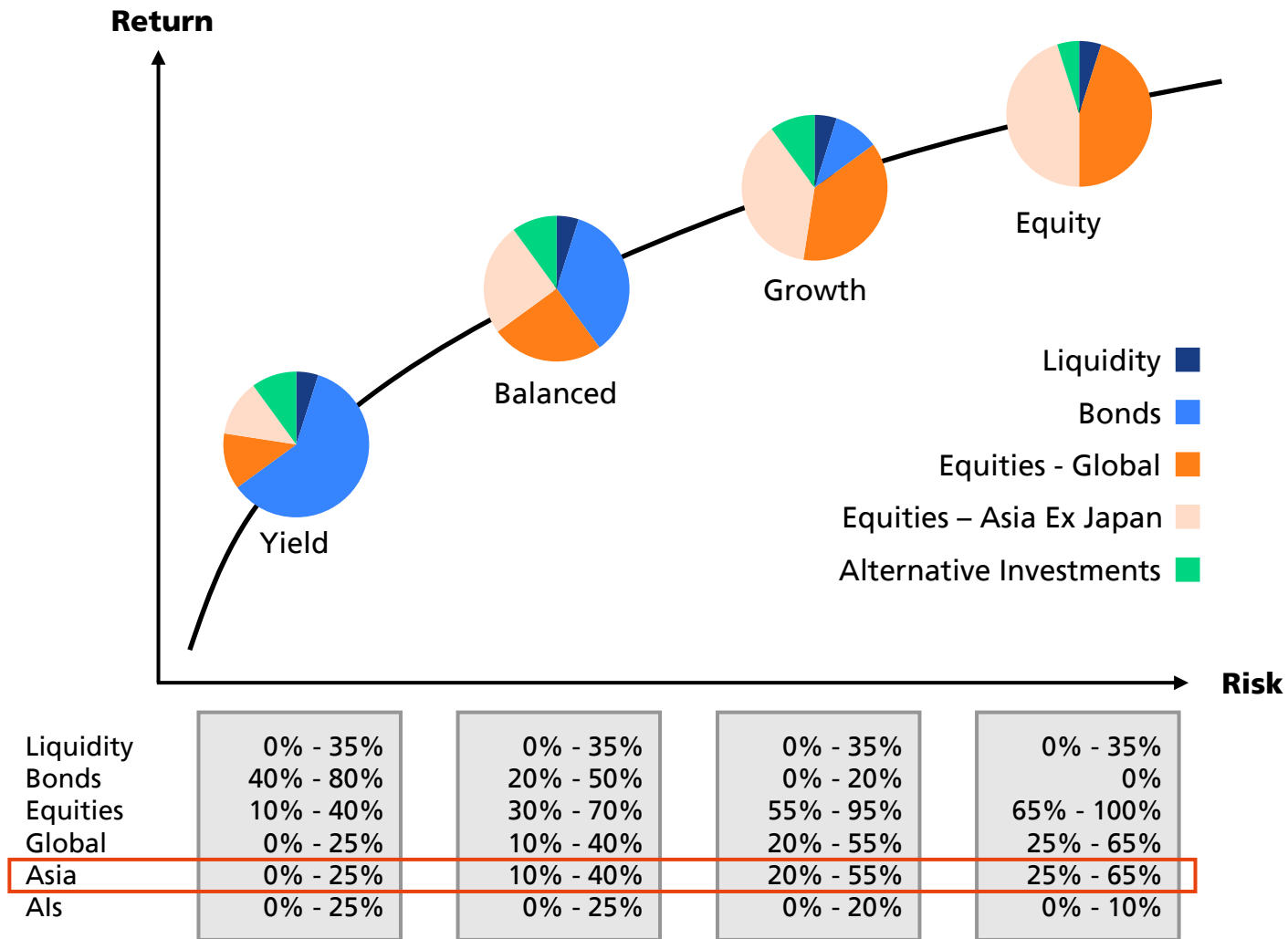
◆ 1999
Ibbotson &
Kaplan: 90%

◆ 2006
Brinson &
Hood: same conclusion



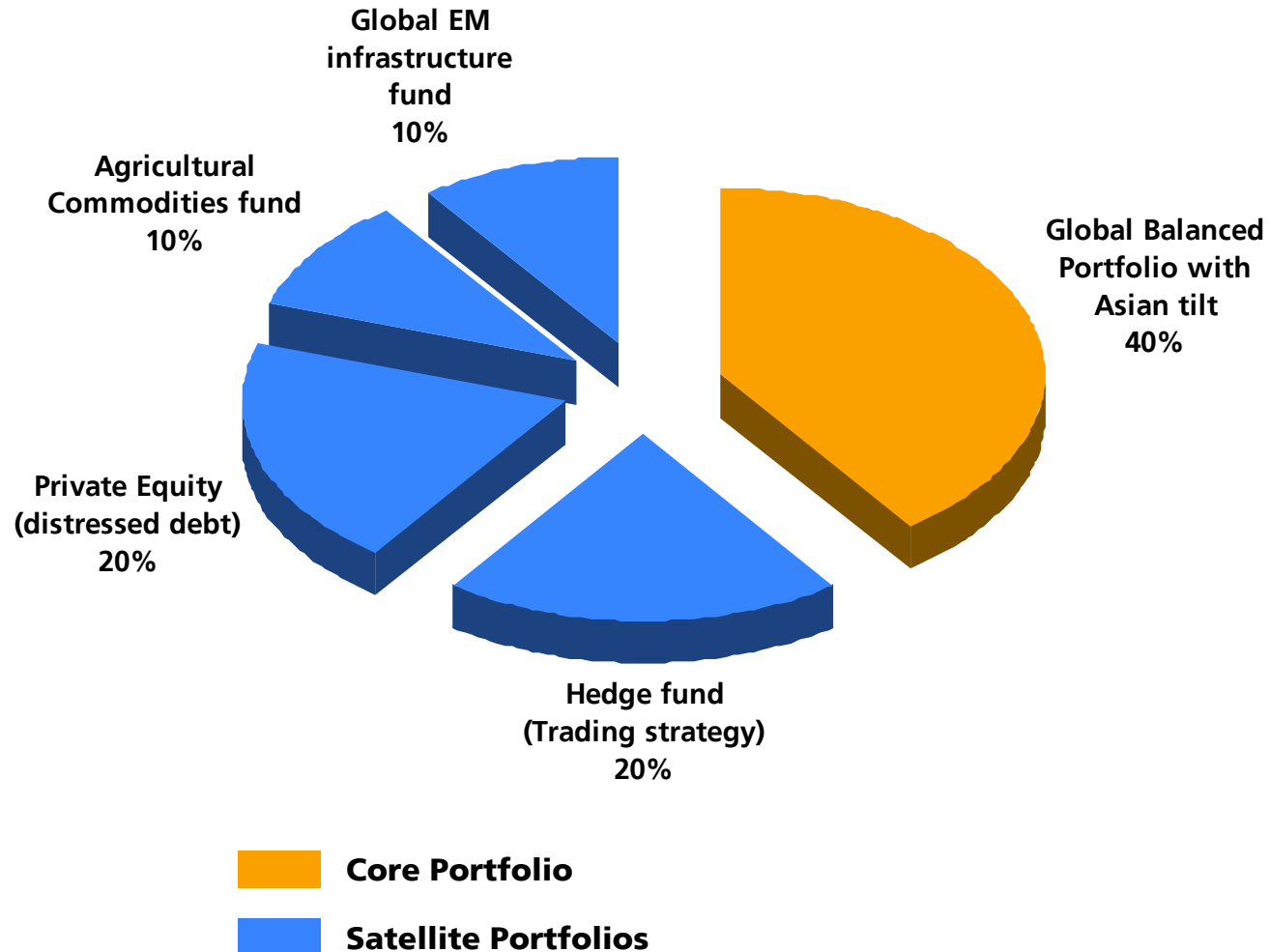
Trends In Asian Investing : Diversification to Global Portfolios

Example of Strategic Asset Allocation portfolios with an Asian tilt, in varying levels of risk



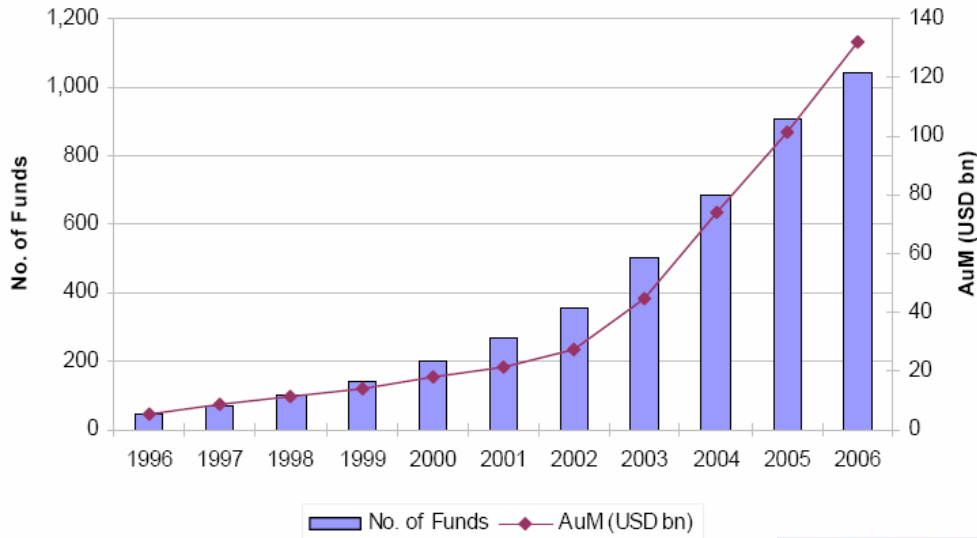
Trends In Asian Investing

Example of Using Core and Satellite Approach To Asset Allocation



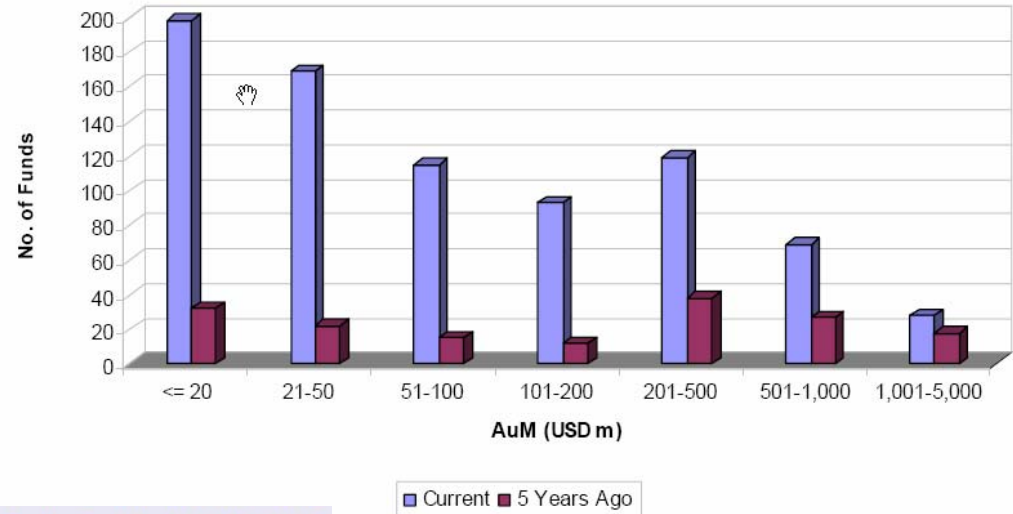
Trends In Asian Investing : Diversification to Alternative Assets

Growth of Asian hedge fund industry



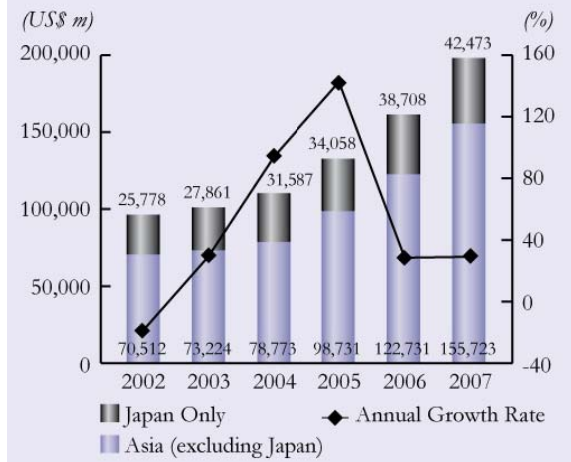
Source: Eurekahedge

Growth in number of funds by size



Source: Eurekahedge

Growth of Asian Private Equity Fund Pool (2002 - 2007)



Source: Asia Private Equity Review