



Investing in Asia

Too big to ignore

July 2018

- Asia is the best structural growth story in the world
- 60% of global consumers live in Asia
- By 2030, 4 of the 5 largest economies in the world will be in Asia
- Asia is home to world class technology stocks

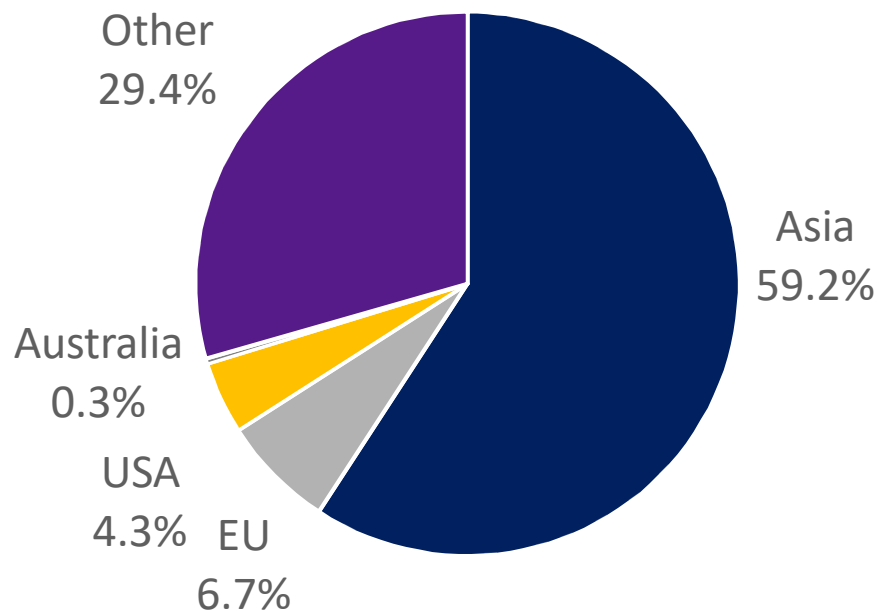


Asia is still massively under represented in investment portfolios

LOTS OF PEOPLE, BIG ECONOMIES

- Asia is home to over 4.5 billion people.
- Almost 60% of the world's population lives in Asia.
- There are currently over 1 billion Millennials in Asia (415m in China, 440m in India, 128m in Indonesia).
- By 2030, 4 of the 5 largest economies in the world will be in Asia.

World Population (2017)



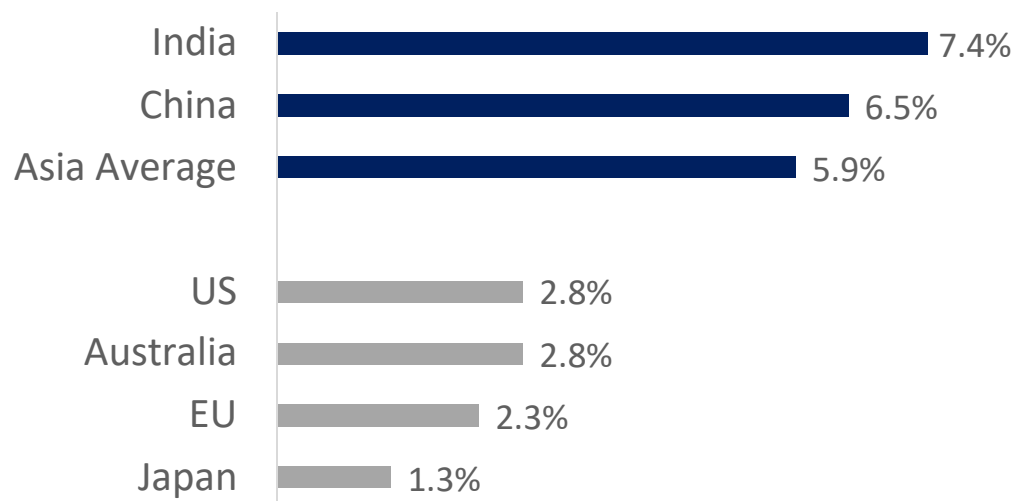
The World's Largest Economies in 2030

Country	GDP (trillions)
China	\$38.0
USA	\$23.5
India	\$19.5
Japan	\$5.6
Indonesia	\$5.4

Source: PWC.

- Asia is the best structural growth story in the world.
- Strong GDP growth is translating into earnings growth.
- Growth is scarce in Australia and investors are overpaying for the growth that is available.

2018 GDP Growth Forecasts



Source: Bloomberg as of March 2018.

What are Investors Paying for Growth?

Country	PE	EPS Growth	PEG Ratio
ASX 200	15x	4%	3.8x
S&P 500	16x	10%	1.6x
EAI	17x	18%	<1x

Sources: Bloomberg. Forward year EPS and PE.

ASIA IS HOME TO WORLD CLASS TECHNOLOGY COMPANIES

- Asia is the most tech heavy index in the world.
- An investment in Asia provides sector diversification for Australian investors.
- Asian tech is not FAANG.
- Our technology investments fall into 3 categories: STAT, Supply China and Disruptive Technologies.

Asia is the Most Tech Heavy Index in the World

MSCI Index	Tech Weighting
Asia ex Japan	32.0%
US	26.7%
World	18.9%
Japan	12.6%
Europe	5.7%
Australia	<1%

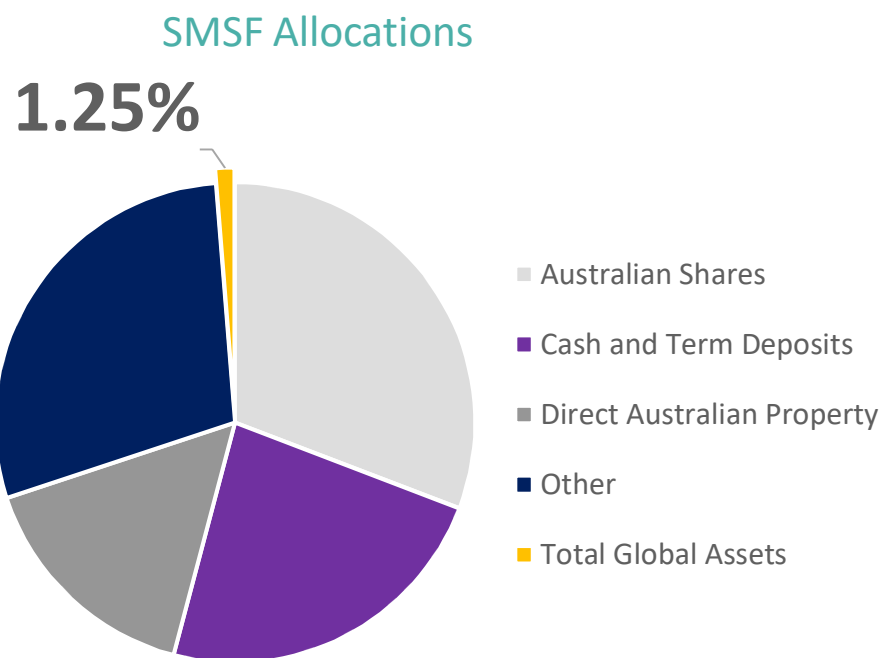
Source: Bloomberg.

Asia is home to World Class Technology Companies

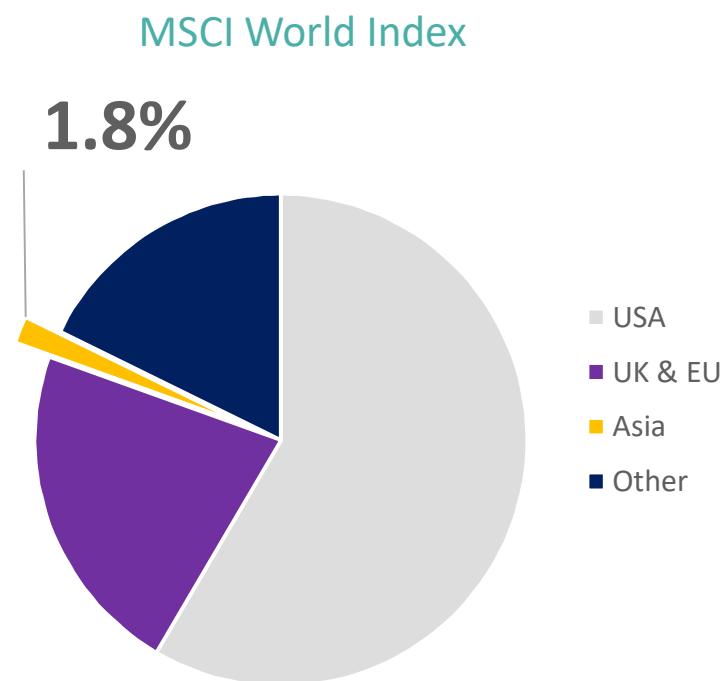


ASIA IS UNDER REPRESENTED IN INVESTMENT PORTFOLIOS

- SMSF asset allocation has only 1.25% is allocated to Global Assets.
- Only 1.8% of MSCI World Index benchmark is Asia. So a typical SMSF portfolio has only 0.02% invested in Asia.
- Typical push backs on investing in Asia (political risk, corp governance, indirect exposure) not valid in today's environment



Source: ATO Self-managed super fund statistical report – March 2017



Source: MSCI



EAI History – Listed on the ASX September 2015



Team – Dedicated Asia Focus. Top Down & Bottom Up

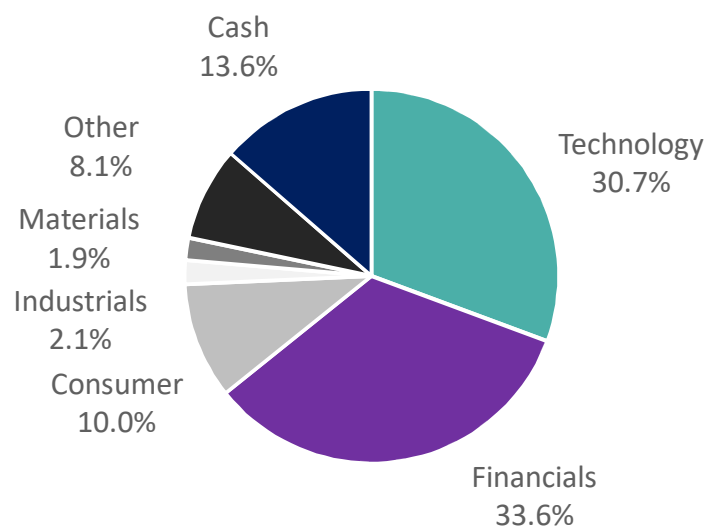


Asian Equities – High Growth/Concentrated/Large Cap/Benchmark Unaware

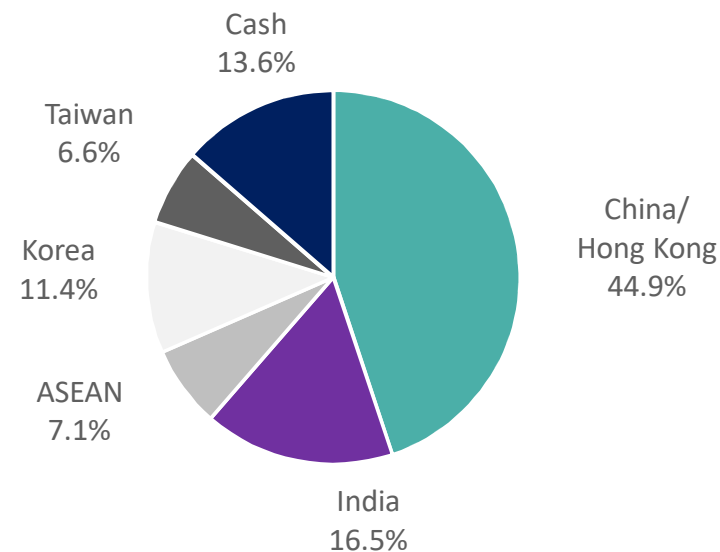


Objective – Exposure to Asia, Outperformance and Capital Preservation

Sector Allocation



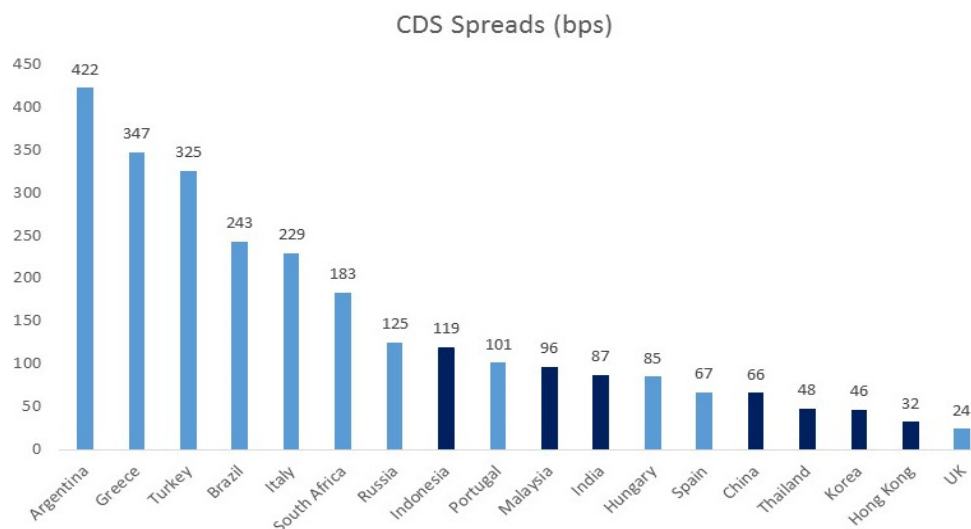
Geographic Exposure



As at 30 June 2018

ASIAN INVESTMENT BIASES

Perception	Reality
High Political Risk	Trump, EU break up, Brexit, Putin
Poor Corporate Governance	Asian ESG is getting much better (see MSCI Report) Royal Commission, BlueSky, Domestic Small Caps
Indirect Exposure	Expensive second best Mostly to China
Asia = China	13 Asian countries in our universe India is the biggest overweight



TOP 10 POSITIONS

Company	Portfolio Weight	Country	Sector
Tencent	7.6%	China	Technology
Samsung Electronics	6.3%	South Korea	Technology
Ping An Insurance	5.2%	China	Financials
Alibaba	4.7%	China	Technology
Hong Kong Exchanges & Clearing	4.0%	Hong Kong	Financials
TSMC	3.7%	Taiwan	Technology
DBS Group	3.5%	Singapore	Financials
HDFC	3.2%	India	Financials
Maruti Suzuki	3.2%	India	Industrials
Reliance Industries	3.0%	India	Industrials

As at 30 June 2018

STOCK STORY – MARUTI SUZUKI



- Maruti is the largest passenger vehicle company in India with sales of \$16b and a market cap of \$53b.
- PV penetration in India is only 32 per 1000 people vs over 700 in Australia and 200 in China.
- Beneficiary of rising middle class thematic, lower interest rates and road infrastructure build.
- 24% EPS growth, 22% ROE, net cash and strong FCF yield. 10 bagger in the last 10 years.
- EAI has held the stock since June 2016.

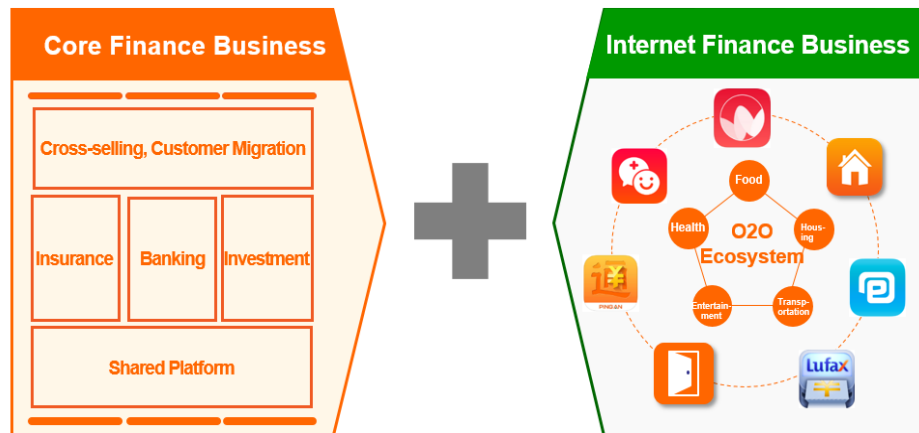
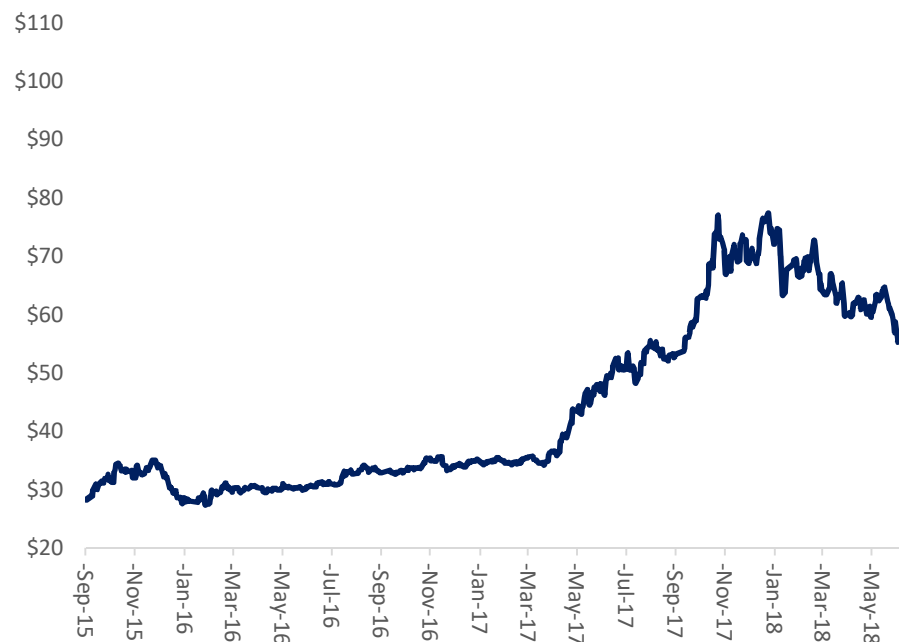


Maruti Suzuki's Gujarat plant. Source: Mint

STOCK STORY – PING AN

PING AN

- Ping An is a diversified financial company in China. Recently, Ping An has transformed into an integrated fintech company with cross selling, a P2P lending platform (Lufax) and a high tech health care platform (Good Doctor).
- These businesses are going to be IPOed in 2018/19 unlocking significant value for Ping An.
- Market cap of \$235b. 18% EPS growth, PE of only 12x, 20% ROE, SOTP shows significant upside.
- EAI has held the stock since inception.





Emerging
Markets:
Oversold
or More to
Go?



Trade war
between
the US and
China



Elections
in
Indonesia,
India and
Thailand



Leadership
by Chinese
internet
stocks
(BAT)



Listing of
Chinese
unicorns

Asia is too big to ignore. Start investing in Asia now!



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