LION GLOBAL INVESTORS

Market Report
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MACRO OVERVIEW

In Q1 2013, markets continued to be driven by central banks' easing bias, in particular the US Federal Reserve's continuation of its easy monetary policy, and the Bank of Japan's (BOJ) aggressive easing policy following the appointment of a new governor. Against this backdrop, global risk assets had a good performance for the quarter (the MSCI World Index rose 8.2%* in Q1 2013), while "safe haven" assets underperformed (the World Government Bond Index declined 1.3%*).

Recent weakening of US activity indicators suggests that the second quarter is likely to slow as a result of the fiscal drag and the time lag for the sequestration job cuts to feed through the system. But looking beyond the fiscal situation, credit is now improving, the housing market recovery is gaining traction and surveys point to strong business spending. These tailwinds should support a higher rate of GDP growth once the most intense fiscal headwinds are behind us.

The Eurozone economy remains weak and is expected to turn from recession to modest recovery in the second half of the year as fiscal drag lessens and financial conditions loosen. While the ECB's promise of the Outright Monetary Transactions (OMT) programme appears to have been effective at substantially reducing the fears of financial contagion within the euro area, other forms of risk remain. Following the capital controls imposed in Cyprus, there are risks that other parts of the Euro area could experience contagion in the form of significant deposit flight; i.e. financial stability remains fragile. In addition, Italy is still in a state of change following its inconclusive elections, with no government in place until after the election of the new President.

In Japan, the domestic market rallied strongly through the quarter, buoyed by expectations of the newly-appointed Prime Minister Shinzo Abe's strong fiscal and monetary policies bringing about a weaker yen, inflation and growth back into the economy. The shift in monetary policy implemented by the appointment of the new BOJ governor in March contributed positively to the first stage of the Prime Minister's economic revival plans. It remains to be seen in the coming months how these policies will affect corporate profits and economic growth.

In China, the economic recovery continued in Q1 2013, but the pace has moderated due to the continued focus on property tightening, and pollution fighting measures and the impact of the new frugality and anti-graft campaigns.

Geopolitical tensions have recently increased amid a series of events following North Korea's third nuclear test in February. At this point, what we continue to see out of North Korea is rhetoric. While there may be missile tests, acts of aggression, or other provocations at some point, if history is an accurate guide, they are likely to be tailored to fall short of provoking war.

As "fat tail" risks of a euro system collapse, a hard landing in China, and a US cliff dive have largely faded from view, return correlations within equities, commodities and across risk assets broadly have fallen back to pre-crisis levels. But with no sustained cyclical upswing in growth prospects, defensive stocks have outperformed cyclical stocks and may continue to do so until further signs of strengthening in key economies such as China and Europe emerge. Currently, equity valuations are fair and earnings forecasts have stabilised with the possibility of upgrades in US and Japan as macro improvements feed through to earnings. We expect the equity market to consolidate at current levels and continue to favour a dividend yield strategy given the wide differential between dividend yield and bond yield.

We maintain a cautious view on duration as absolute yields are still low but expect rates to trade in a range in the near term. Credit spreads are also likely to be range-bound. The performance of investment grade bonds will mainly be driven by the movements of US Treasuries, while carry will be the main source of return.

* *In Singapore Dollar terms (Source: Bloomberg)*

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EUROPE

Europe			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI EUROPE	**4,049.5**	**6.9**	**14.9**
STXE 600 € Pr	293.8	5.4	11.6
S&P EUROPE 350 INDEX	1,197.2	5.1	11.5
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
€/US$	1.3	2.8	4.0
£/US$	1.5	5.9	5.3
CHF/US$	0.9	(3.4)	(4.8)
US$/NOK	5.8	(4.2)	(2.3)
US$/SEK	6.5	(0.0)	1.7
MSCI EUROPE	**2012**	**2013**	**2014**
EPS growth (%)	6.5	11.4	9.7
P/E (x)	11.8	10.6	9.7
P/B (x)	1.6	n/a	n/a
DY (x)	3.6	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

European equity markets started the year positively, rising 6.9% during Q1 2013 in local currency terms, its third consecutive quarterly gain. However, initial optimism in January on positive economic outlook, soon gave way to concern over the inconclusive Italian Elections where the PD led Centre-Left party failed to secure a majority in the Upper House. In addition, the Cyprus bailout package with harsh conditions dampened sentiment.

In the Italian elections, the PD-led Centre-Left party very narrowly won the 54% majority premium at the Lower House but failed to secure a majority in the Upper House. Despite being able to win support and appoint the Speakers of the Lower and Upper House, the PD party was not able to forge an agreement with another political party to form a majority government in both the Upper and Lower Houses. As such, the Italian President will now try to broker a parliamentary compromise in an attempt to find common ground on policy and appoint the next Prime Minister capable of uniting a divided parliament.

In Cyprus, the E10bn bailout package from the Trioka included rather harsh conditions including a “tax” on all Cypriot deposits (6.75% on deposits less than 100,000 Euros and 9.9% on deposits above 100,000 Euros). The deal fell apart 3 days later and eventually only deposits above 100,000 Euros will be taxed at a higher rate. The Dutch Finance Minister rattled confidence by warning that private investors should shoulder greater risks in future bank bailouts. The comments were later clarified that it is not a template for future bailouts.

The Healthcare sector was the best performing sector, rising 10.8% as investors raised exposure to the defensive growth sector.

On the other hand, the Materials sector underperformed the market declining 6.9% as investors reduced exposure to the sector on expectations of weaker end market demand for materials.

Outlook/Strategy

Results by European companies in 4Q 2012 suggested that companies’ top line were impacted by macro slowdown, with only 49% of the companies reporting results that were ahead of analysts' expectations while only 43% of companies had revenue growth ahead of consensus expectations.

Looking ahead, economists expect Eurozone GDP to contract 0.6% in 2013 and are likely to be in recession until 1H 2013. This is a result of fiscal tightening in the peripheral Eurozone countries. The peripheral countries are expected to remain in recession in 2013 while some of the northern Eurozone economies are expected to achieve better growth prospects.

MSCI Europe consensus earnings are expected to rise 7.4% in 2013 and rise 11.9% in 2014. In terms of valuations, MSCI Europe trades at 12.2x consensus 2013 earnings and 10.9x 2014 earnings which appears reasonable when compared to its long-term average of 12.6x. We continue to maintain our overweight position in the luxury goods sector as we believe that stocks in the sector have unique portfolios of strong brands that will benefit from continued resilience in spending for luxury goods. We also maintain our overweight position in the consumer staples sector given good growth prospects in emerging markets and the defensive characteristics of this sector.

We remain vigilant of the tail risks in Europe as well as the austerity measures being undertaken by the various governments to address their fiscal deficits as it could result in a deeper-than-expected economic slowdown. In addition, there is a possibility that China’s economic growth may be below expectations and this may dent Europe’s exports to China. In the US, while there is clarity over tax rates, there still remains the negotiation of the federal deficit.

JAPAN

Japan			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI JAPAN	1,123.1	21.4	24.0
TOPIX INDEX (TOKYO)	1,034.7	20.3	21.1
NIKKEI 225	12,397.9	19.3	23.0
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/¥	94.1	(8.3)	(12.8)
MSCI JAPAN	**2012**	**2013**	**2014**
EPS growth (%)	(27.2)	15.7	49.2
P/E (x)	24.4	21.1	14.2
P/B (x)	1.3	n/a	n/a
DY (x)	1.8	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The MSCI Japan Index was up 21.4% in local currency terms for the quarter ending March 2013.

The Japanese market rallied strongly through the quarter, buoyed by expectations of new PM Abe's strong fiscal and monetary policies to bring about a weaker yen, inflation and growth back into the economy. The promise of a sea change in monetary policies was strengthened by the departure of hawkish BOJ governor, Masaaki Shirakawa, and the appointment of the dovish Haruhiko Kuroda as his successor in March. The avoidance of the fiscal cliff and on-going recovery in the US economy provided a benign backdrop for the yen to weaken. On-going issues within the Eurozone such as the election in Italy and deposit tax in Cyprus plus concerns over China's economic outlook kept the market in check somewhat.

For the quarter, domestic inflation plays and weak yen beneficiaries led the market. REITs, tire companies and railway companies were the top performers while glass, construction and precision instruments were laggards although all sectors posted positive returns.

Outlook/Strategy

The Japanese stock market outperformed its major global peers in the first quarter of 2013, possibly for the first time since the Lehman crisis. New PM Abe's aggressive rhetoric and actions have brought about a turnaround in the mind set of investors and populace alike about the determination of the policy-makers to reverse the deflationary environment in Japan and bring about economic growth. The radical monetary policies of new BOJ governor, Kuroda, round up nicely the first stage of Abe's economic revival plans. In the coming months, we can see how these policies materialize into corporate profits and economic growth. We expect the market to be more sensitive to corporate earnings as investors assess the actual impact of fiscal and monetary policies on corporate results. Economic data out of US and China are likely to re-assert their importance to market sentiment and currency direction.

We prefer to invest in companies that achieve their competitive edge through product innovation and through providing unique value-add to their customers. These companies usually have a global footprint and will enjoy the tailwind provided by the weaker yen, examples being automotive-related, machinery, medical equipment and consumer brands. The weak yen environment is providing a tailwind for these companies and we expect a positive earnings environment in the near future.

ASIA PACIFIC EX-JAPAN

Asia Pacific ex-Japan			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI AC ASIA PACIFIC	152.9	9.2	15.1
MSCI AC ASIA ex JAPAN	313.4	0.7	7.3
MSCI AC ASIA PAC ex JAPAN	284.8	2.7	10.8
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
A$/US$	1.0	(0.3)	(0.2)
US$/CNY	6.2	0.4	1.4
US$/HK$	7.8	(0.1)	0.0
US$/INR	54.5	0.6	(6.5)
US$/IDR	9,735.0	(1.0)	(5.9)
US$/KRW	1,112.2	(4.0)	1.8
US$/MYR	3.1	(1.0)	(1.1)
US$/PHP	40.8	0.5	5.1
US$/S$	1.2	(1.4)	1.3
US$/TW$	29.8	(2.6)	(1.2)
US$/THB	29.3	4.5	5.4
US$/VND	20,940	(0.5)	(0.6)
MSCI AC ASIA PACIFIC	**2012**	**2013**	**2014**
EPS growth (%)	5.7	23.5	12.0
P/E (x)	16.1	13.1	11.7
P/B (x)	1.5	n/a	n/a
DY (x)	2.5	n/a	n/a
MSCI AC ASIA ex JAPAN	**2012**	**2013**	**2014**
EPS growth (%)	4.9	17.2	11.9
P/E (x)	13.7	11.7	10.4
P/B (x)	1.6	n/a	n/a
DY (x)	2.4	n/a	n/a
MSCI AC ASIA PAC ex JAPAN	**2012**	**2013**	**2014**
EPS growth (%)	2.2	13.3	11.7
P/E (x)	14.0	12.4	11.1
P/B (x)	1.7	n/a	n/a
DY (x)	3.0	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

Over the quarter, Asian markets edged higher, with the MSCI Asia Pacific ex Japan Index registering a gain of 2.7% in local currency terms. Markets did not find substantial support from news and macro data points, as a combination of expiring US tax holidays, a recurrence of Eurozone financial concerns, threats of war from North Korea and market disappointment over the lack of reforms in China worked to sap investors' confidence. The prospect of Japan embarking on a large amount of qualitative and quantitative easing looked promising for liquidity in Asian markets initially, but the impact has largely been a negative one, especially for Korea which has to grapple with competing against a weakening Japanese Yen. Thus, China and Korea were the weakest performers while Philippines, Indonesia and Australia did well.

ASEAN continued last year's good performance as investors moved away from macro-level issues prevalent in North Asian countries into those with growth driven by less uncertain domestic consumption growth, namely the Philippines, Indonesia and Thailand. The preference for certainty across the region was also evident in that Australia, being known for defensive dividend yield in its financial sector, outperformed. At the sector level, the more defensive sectors like healthcare, utilities and financials did well while materials and energy were the weak performers.

Outlook/Strategy

Across investment regions, Asia has one of the largest concentrations of growth stocks. For markets here to perform, growth needs to be the prevailing theme. However, a combination of wealth management policy tightening in China, the re-emergence of avian flu and the pervasive effects of the rapidly weakening Yen are likely to lead to uneven growth across Asia. With the region having negotiated a period of political transition (namely China, Korea and Japan), the focus now comes down to implementation of policies, which will require time for results to be seen. Thus in the interim, Asian markets are likely to be buffeted by global macro news, with those markets that are able to deliver domestically-driven growth likely to do well.

A potential concern in the later part of the year could be a rise in inflationary pressures limiting the room for monetary flexibility. We do not expect any further rate cuts in most of the region, except for India and Australia. However, valuations are stretched in many Asian markets, with only China, India and Korea trading at a discount to their historical valuations. Of these three, China and Korea have negative implied corporate earnings growth to perpetuity. The key missing ingredients for them to perform are growth and policy reforms in China and a more stable Yen, which are easier to expect in the second half of the year than at the moment. Consequently, though it is still early days, we currently do not expect Asian equity markets to perform as well as last year and we could see an 8-10% rise compared to the more than 20% gain in 2012.

- ***AUSTRALIA***

Australia			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI AUSTRALIA	3,766.8	8.6	21.4
S&P/ASX 200 INDEX	4,966.5	6.3	14.6
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
A$/US$	1.0	(0.3)	(0.2)
MSCI AUSTRALIA	**2012**	**2013**	**2014**
EPS growth (%)	(2.3)	(1.9)	9.9
P/E (x)	14.8	15.1	13.7
P/B (x)	2.0	n/a	n/a
DY (x)	4.3	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The market was quick to register gains at the start of the year as market anticipation of weaker interest rates and its positive growth effect on the domestic economy took effect. The market started to weaken from late February on the back of uncertainty over US fiscal and monetary policy as well as the Italian elections. In March, Cyprus was on investors' minds as its government rolled out the unprecedented move of sequestering its citizens' bank deposits as part of its bail-out package. In addition, investors anticipating reform announcements from China following its National People's Congress meeting were disappointed, especially after the Government continued to focus on addressing corruption and property market-tightening measures rather than on growth. Against this backdrop, the market rewarded stocks with defensive dividend yield, especially those in the financial sector, leading the market to rise in the first quarter of the year.

The corporate earnings season for the half year ending December 2012 was slightly better than expected, confirming market expectations of a recovery in earnings to support the valuation expansion which had been occurring since November 2012. Interest rates were kept unchanged at 3 per cent by the Reserve Bank of Australia (RBA), with its key meeting minutes suggesting a return to a wait-and-see stance based on economic progress. Key news on the corporate front included BHP Billiton's CEO announcing his retirement following the departure of Rio Tinto's CEO in February.

Outlook/Strategy

Confidence is increasing that earnings growth is now more sustainable. Of significance is the lack of downgrades to FY13 (June year-end) earnings, a regular but unwelcomed feature in the previous four years. Thus, with the exception of the resource sector, the case for a bottoming of earnings is being built although the pace is likely to be modest. While valuations for the resource sector look interesting, underlying commodity prices have continuously been downgraded, particularly as China disappointed in delivering the reforms that investors were anticipating. This sector is the key drag on corporate earnings as the domestic industrials sector rebuilds its earnings. Key to their abilities to do so are their cost-out strategies which will help to improve margins. With top-line growth returning given that the RBA has been cutting rates for the past year-and-a-half, corporate profits should trend up from here onwards.

We continue to favour stocks with a cyclical skew to earnings, although we are still keen on stocks with yield, given the expected trend of domestic profit recovery and a lingering potential of lower interest rates in Australia.

- ## *CHINA/HONG KONG*

China/Hong Kong			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI CHINA	**357.7**	**(4.4)**	**6.6**
SHANGHAI SE COMPOSITE	2,236.6	0.2	(1.2)
SHENZHEN SE COMPOSITE IX	927.9	6.3	4.0
MSCI HONG KONG	**55,093.2**	**3.7**	**17.0**
HANG SENG INDEX	22,299.6	(1.6)	8.5
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/CNY	6.2	0.4	1.4
US$/HK$	7.8	(0.1)	0.0
MSCI CHINA	**2012**	**2013**	**2014**
EPS growth (%)	0.9	10.6	11.0
P/E (x)	10.5	9.5	8.5
P/B (x)	1.6	n/a	n/a
DY (x)	3.1	n/a	n/a
MSCI HONG KONG	**2012**	**2013**	**2014**
EPS growth (%)	(13.7)	13.3	10.6
P/E (x)	17.7	15.7	14.2
P/B (x)	1.4	n/a	n/a
DY (x)	2.5	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The Hong Kong / China markets had a strong run in January, on the back of better macro numbers at the end of 2012. However, there was profit taking in February and March as the Government turned concerned about strong property prices and banking regulators subsequently talked about imposing tighter regulations on Shadow Banking activities. The MSCI China and MSCI Hong Kong indices returned -4.4% and +3.7% respectively. The Utilities, Consumer Staples and Healthcare sectors outperformed while the Telecom, Energy and Materials sectors were the key underperformers.

In January and February, China's macro indicators such as retail sales and industrial production figures were below expectations. Fixed investment picked up to 21.2% on a year on year basis. Manufacturing Purchasing Managers' Index readings were above median and exports remained strong at 21.8. In Hong Kong, retail sales gained 22% in February but exports remained sluggish. Local housing prices continued to edge up due to government measures which included the raising of stamp duty and the tightening of the down payment ratio. As secondary home market transactions drop sharply, there might be a negative multiplier effect to domestic consumption.

The results season in Hong Kong/China ended with little surprise as the majority of the companies managed to meet analysts' 2012 earnings forecasts. Financials and properties were the main sectors that beat consensus figures while Industrials / Materials disappointed due to higher costs and lower profit margins. Stock price performance in March was primarily driven by results and company guidance on 2013.

The latest macro data from China showed both positive (strong growth for loans / social finance and imports) and negative (weakened 1Q GDP / Industrial Production) signs. The

Government reiterated selective but firm property market restrictive measures, leading to reduced investor sentiment in the stock market. The 10% correction from the recent high in January should have discounted the risk of liquidity crunch by Local Government Financial Vehicles (LGFV) following tighter regulations on Shadow Banking / Wealth Management products.

Outlook/Strategy

The Hong Kong market sees no catalysts in the near term from both macro and micro perspectives, while its valuation remains high.

We do not see substantial risk in terms of actual macro and micro numbers. However, stock prices remain excessively sensitive to any deviation from market expectations. Compared to perceptions on policy risk, bird flu has emerged to become a fat-tailed risk. Sino-Japan tension has cooled off but North Korea's nuclear aggression has become the main destabilizing factor for North Asia.

We maintain our overweight stance in Hong Kong over China for Q2 2013. The MSCI China Index is currently trading at 9.1x 2013 PER, as compared to 5 years' average of 12.0x. Market consensus EPS growth for 2013 has been revised down slightly to 10.0% while that of 2014 has been revised up from 7.7% to 11.4%.

The MSCI Hong Kong Index is currently trading at 15.4x 2013 PER, in-line with 5 years' average of 15.7x. Market consensus EPS growth numbers for 2013/2014 have been revised up slightly to 11.2% and 11.4% respectively. Nonetheless, the Hong Kong bourse is expected to outperform China's, given the former's earnings stability, better management quality and availability of yield stocks.

After the National People's Party Congress in March, key government officials were finalized and as such government infrastructure projects commencement should accelerate in April / May. As such, positive surprises in the form of a strong performance from Fixed Assets Investments could occur in Q2 2013. In the meantime, clean energy and healthcare sectors have performed consistently and remain as our core favourite sectors. We will stay underweight in the Consumption Discretionary and Materials sectors.

- ***INDIA***

India			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI INDIA	515.0	(3.3)	9.1
S&P BSE SENSEX INDEX	18,835.8	(3.1)	8.2
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/INR	54.5	0.6	(6.5)
MSCI INDIA	**2012**	**2013**	**2014**
EPS growth (%)	9.0	15.1	15.4
P/E (x)	15.4	13.3	11.6
P/B (x)	2.6	n/a	n/a
DY (x)	1.4	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

The MSCI India Index gained 5% in January, lost 0.1% in February and lost 7.4% in March, resulting in a total loss of 3.3% for the first quarter of 2013, in local currency terms. The best performing sectors were Information Technology and Healthcare, while the weaker sectors were Industrials, Materials and Utilities.

In January, the Reserve Bank of India (RBI) cut the repo rate and the Cash Reserve Ratio by 25 bps. The fiscal year-end inflation target was lowered to 6.8% from 7.5%; and the GDP growth was changed to 5.5% from 5.8% for FY 2013. There was positive market response to some key announcements over the month, such as the partial de-control of the diesel price, the hike in railway passenger fare and the hike in import duty on Gold. January 2013's Industrial Production Index was also better than expected at +2.4%, driven by strong growth in Consumer Non-Durables and Capital Goods categories.

The Budget in February showed that the fiscal deficit for FY 2013 was approximately 5.2% and the Government is estimating 4.8% for FY 2014. Sector-wise, Agriculture grew 1.1%, Industry grew 3.3% and Services grew 6.1%.There was an increase in surcharge of corporate profits, that could cut 1-2% from the earnings growth. The October-December quarter showed a weak 4.5% growth in the GDP. The RBI announced the final guidelines for new bank licenses and the Indian Cabinet gave an in-principle approval for coal price pooling in India, which could be a step towards handling the fuel availability issue for the Indian thermal power plants. In the March mid-quarter policy meeting, the RBI cut the benchmark rate by 25 bps to 7.5% but indicated that the scope for further easing was limited, given that inflation continues to be a key problem for India. While the Wholesale Price Index based inflation reduced to 6.6% in February, the Consumer Price Index (CPI) inflation remains elevated at 10.8% in January and 10.9% in February. The RBI is focused on the CPI-based inflation while setting its policy rates and guiding the market on the rate cut trajectory. The 3Q FY 2013 current account deficit rose to US$32 billion, which is 6.7% of GDP. Weak global conditions resulted in weak export numbers, while imports continued to remain high.

Outlook/Strategy

The MSCI India Index is trading at 13.1x 12m forward earnings and earnings are expected to grow by 15.2% in Calendar Year 2013 and 15.6% in Calendar Year 2014.

We are focused on larger capitalization companies with manageable leverage and better corporate governance standards. Key stocks are those that can leverage on the cost structure but can also service the global markets. In addition, we view favourably stocks in industries where regulatory changes or industry dynamics are resulting in value creation for selected companies. Given the rapid changes in market sentiment and stock price changes, we will also look to opportunistically increase exposure to the staples and materials sector, where there is sufficient valuation comfort.

- ***KOREA***

Korea			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI KOREA	541.7	0.4	(0.2)
KOSPI INDEX	2,004.9	0.4	(0.5)
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/KRW	1,112.2	(4.0)	1.8
MSCI KOREA	**2012**	**2013**	**2014**
EPS growth (%)	15.4	30.5	12.8
P/E (x)	11.6	9.0	7.9
P/B (x)	1.2	n/a	n/a
DY (x)	1.0	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

In Q1 2013, the Korean bourse lagged its regional peers and ended the period marginally up 0.4% in local currency terms. With concerns that the Japanese Yen's weakness would present a competitive threat to Korean exporters, investors sold down auto and export-related stocks in favor of domestic names. Cyclical counters largely underperformed while consumer names with defensible earnings were sought after.

ETF-driven fund outflows also dominated trading activity, on the back of index rebalancing as well as a shift from emerging markets into developed markets. In addition, earnings downgrades triggered by lacklustre corporate results and the further lowering of economic forecasts by the government added to the downward pressure on the domestic market, as the FY2013 GDP forecast was lowered from 3.0% to 2.3% on the back of the weaker-than-expected economic environment in 1Q 2013. The Government also revised down their employment forecast from 320,000 to 250,000, as well as adjusting the Consumer Price Index (CPI) inflation forecast from 2.7% to 2.3%.

With the new administration in place following the inauguration of President Park in February, supplementary budgets were announced to support growth. In addition, a "Happiness Fund" was announced to ease the high household debt burden, coupled with housing market boosting measures. While these measures helped the Korean market to rebound in the latter part of the quarter, the increase of tension on the Korean Peninsula meant that there was limited interest by foreign investors.

Outlook/Strategy

The Korean economy is establishing a floor, but GDP growth is likely to remain below trend for 2013 despite the Government's pump-priming efforts. Nonetheless, the outlook for FY 2013 should be more positive compared to 2012 given that the new administration in place has already articulated their vision and direction going forward, and are initiating steps to get the economy back on track. With a time lag between policy actions and corporate earnings recovery, we see downside risks in growth and earnings for 1H FY2013, but a stronger finish to the year as pump-priming efforts take effect. The make-up of President Park's administration and the key economic policies announced thus far reflect an emphasis on reducing income inequality, as well as support for a long-term effort to rebalance towards domestic-driven growth.

Near-term technical overhang remains, as ETF-driven fund flows continue to dominate investors' sentiment and price movements. However, the outlook for Korean equities is underpinned by easy monetary policy spurring liquidity flows in search of returns. Against the backdrop of global and domestic recovery as the year progresses, we expect small / mid caps to see stronger interest on the back of higher risk tolerance, especially with government policies expected to favor SMEs. With valuations attractive both relative to historical and versus its regional peers, we expect the Korean market to benefit from domestic fund flows, and possibly foreign inflows in the latter part of the year when the global environment is on a stronger footing.

- ***TAIWAN***

Taiwan			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI TAIWAN	172.6	2.8	3.0
TAIWAN TAIEX INDEX	7,918.6	2.8	(0.2)
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/TW$	29.8	(2.6)	(1.2)
MSCI TAIWAN	**2012**	**2013**	**2014**
EPS growth (%)	3.5	31.1	12.0
P/E (x)	19.3	14.7	13.1
P/B (x)	1.8	n/a	n/a
DY (x)	3.4	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

Amid lackluster trading, the MSCI Taiwan Index ended Q1 2013 with a gain of 2.8% in local currency terms, as risk appetite remained subdued on a confluence of both domestic and external factors. Issues weighing upon the market ranged from the stock manipulation scandal involving a few industry employees, the uncertainty over nuclear power policy, instability on the Korean Peninsula, the Cyprus bailout battle as well as concerns over the new rules governing Chinese wealth management products which will likely have a negative earnings impact on the smaller Chinese banks. On a brighter note, anecdotal developments surfacing over the period indicated a speeding up in cross-strait liberalization. These included the meeting of Kuomintang's Chairman Lien Chan with China's President Xi Jin Ping, the go-ahead for an increase in access to investment in China, and a higher ceiling for single Qualified Domestic Institutional Investors investing in Taiwanese financial holding companies.

Overall, non-tech shares held up better as weak investor sentiment over Apple-related names continued to weigh down tech shares. News of Dell's privatization with the management looking to de-emphasize its PC/Netbooks business heightened business uncertainty for the Original Design Manufacturer (ODM) suppliers in Taiwan. Intel's alignment with Altera raised concerns over competition in the semiconductor sector and took a toll on benchmark heavyweight TSMC. Tech sub-sectors that bucked the trend included TFT shares which benefited from better than expected TV sell-through in China during the Chinese New Year.

In terms of non-tech shares, we saw financial shares outperforming on the back of a number of sector-specific developments. Underpinning the sector was the reverse takeover of Taishin FHC by Chang Hwa Commercial Bank which strengthened the financial consolidation theme, while the announced 20% stake acquisition in Bank Sinopac by Chinese mega bank ICBC sent the financial index higher, with volume increasing sharply to account for approximately more than 20% of Taiwan Stock Exchange Index's (Taiex) daily turnover.

Outlook/Strategy

Despite the first quarter traditionally being weaker for the tech sector in terms of seasonality, the Taiwan benchmark index has been consolidating in a 7800-8000 range, underpinned by supportive valuations. Earnings estimates for FY 2013 have been trending up since June 2012, reflecting an increasingly stable economic recovery, with year on year growth revised up from the initial 24% to the current 32% level. Meanwhile valuations are trading at the lower end of its historical range, at 14.7x and 13.1x price earnings for FY2013 and FY2014 respectively as expectations remain muted on continuing global uncertainty. The market is likely to remain boxed-in in the short-term on the back of limited catalysts, but we are more positive over the medium-term.

Years of opening up in terms of cross-strait relations have begun to bear fruit. We expect the industries of Taiwan and China to forge increasingly closer ties as bilateral investment picks up. Progress has been made on the investment front as Taiwan opened its stock market to Chinese QDII (as approved by China Securities Regulatory Commission) and also relaxed the conditions for Chinese banks to operate as well as invest in Taiwanese banks. We expect more collaboration going forward, with not just cross-strait banking becoming a reality eventually, but also the services sector becoming a key beneficiary of improved relations.

Fund inflow to Taiwan from foreign investors has been steady, with foreign investors having invested an estimated US$10.4 billion into Taiwan since 2012. Net buying of the Taiex amounted to US$6.2 billion year-to-date which implies the potential for foreign net inflow when sentiment and/or global macro conditions improve.

- ***SINGAPORE***

Singapore			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI SINGAPORE	651.1	4.6	11.6
Straits Times Index STI	3,308.1	3.6	9.9
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/S$	1.2	(1.4)	1.3
MSCI SINGAPORE	**2012**	**2013**	**2014**
EPS growth (%)	5.7	2.1	9.3
P/E (x)	15.0	14.7	13.4
P/B (x)	1.5	n/a	n/a
DY (x)	3.1	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

In Q1 2013, the Singapore market, as measured by the FSSTI Index gained 4.6% in local currency terms. Trading volume decreased slightly by 2% quarter-on-quarter to 17 billion. The top leading movers were Starhub (+15%), Singapore Technologies Engineering (+13%) and Jardine Strategic Holdings (+12%), while the three worst performers were City Developments (-12%), Golden-Agri Resources (-11%), and Global Logistics Properties (-6%).

In Q1 2013, Singapore banks outperformed the FSSTI index by 2%. For the quarter, OCBC was the biggest gainer (+8.2%), followed by DBS (6.8%) and UOB (2.8%). While a Net Interest Margin compression is likely in the near-term, an improving margin outlook from a steepening yield curve, increasing loan spreads and easing deposit competition are likely factors that triggered interest in Singapore banks.

On a year-to-date basis, Singapore developers underperformed the FSSTI Index by about 5%. Performance was dragged down by local residential proxies such as City Developments and Wheelock, after a new set of policy measures was announced in January. Developers with higher commercial and less residential presence led the outperformance. Singland and UOL did well on speculation of a possible group restructuring. OUE rose after reports of its plans to list a new hospitality REIT.

The Plantation sector underperformed the market, as Crude Palm Oil (CPO) price recovery was weaker than expected in Q1 due to stronger CPO production from Malaysia, higher import duties from India and a reduction of biodiesel mandates in Spain. Golden Agri and Indofood Agri underperformed the market in Q1 due to weak Q4 results and a slower-than-expected recovery in CPO price.

Outlook/Strategy

Singapore's current issues include slowing growth and persistent inflation, with GDP growth of 2.5-3.0% for 2013 and inflation of 4% expected. GDP growth is slowing in Singapore as there is a shift in strategy, with productivity-driven growth now being the objective. Hence, earnings growth is likely to be in the single-digit area.

However, the Singapore equity market should trade range-bound over the next 6 months, underpinned by the sustained hope of an improvement in the global economy. Any further re-rating will depend on earnings upgrades. We continue to recommend a barbell strategy of investing in cyclicals, both in laggards as well as in companies with regional / global exposure. We also favour defensive high dividend yielding stocks, especially on the back of the recent monetary easing by the Bank of Japan.

- ***ASEAN - Malaysia/Indonesia/Philippines/Thailand/Vietnam ex Singapore***

ASEAN ex Singapore			Date: March 31, 2013
Market performance	**Last close**	**%3M chg**	**%12M chg**
MSCI MALAYSIA	**351.2**	**0.4**	**5.5**
FTSE Bursa Malaysia KLCI	1,671.6	(0.6)	4.7
MSCI INDONESIA	**1,764.6**	**14.3**	**21.2**
JAKARTA COMPOSITE INDEX	4,941.0	14.5	19.9
MSCI PHILIPPINES	**407.4**	**17.9**	**36.3**
PSEi - PHILIPPINE SE IDX	6,847.5	17.8	34.1
MSCI THAILAND	**781.1**	**5.4**	**16.1**
STOCK EXCH OF THAI INDEX	1,561.1	12.2	30.4
HO CHI MINH STOCK INDEX	**491.0**	**18.7**	**11.3**
Exchange rate	**Last close**	**%3M chg**	**%12M chg**
US$/IDR	9,735.0	(1.0)	(5.9)
US$/MYR	3.1	(1.0)	(1.1)
US$/PHP	40.8	0.5	5.1
US$/THB	29.3	4.5	5.4
US$/VND	20,940.0	(0.5)	(0.6)
MSCI MALAYSIA	**2012**	**2013**	**2014**
EPS growth (%)	15.3	1.7	9.6
P/E (x)	15.2	14.9	13.6
P/B (x)	2.1	n/a	n/a
DY (x)	2.9	n/a	n/a
MSCI INDONESIA	**2012**	**2013**	**2014**
EPS growth (%)	7.3	12.5	16.0
P/E (x)	17.6	15.7	13.5
P/B (x)	4.0	n/a	n/a
DY (x)	2.2	n/a	n/a
MSCI PHILIPPINES	**2012**	**2013**	**2014**
EPS growth (%)	17.3	7.6	12.1
P/E (x)	21.9	20.3	19.0
P/B (x)	3.3	n/a	n/a
DY (x)	1.6	n/a	n/a
MSCI THAILAND	**2012**	**2013**	**2014**
EPS growth (%)	18.1	19.7	12.1
P/E (x)	15.4	12.9	11.5
P/B (x)	2.5	n/a	n/a
DY (x)	2.8	n/a	n/a
HO CHI MINH STOCK INDEX	**2012**	**2013**	**2014**
EPS growth (%)	20.4	18.8	11.9
P/E (x)	11.7	9.9	8.8
P/B (x)	1.9	n/a	n/a
DY (x)	3.6	n/a	n/a

Source: Bloomberg, Citi, Credit Suisse, Thomson, CEIC, MSCI

Market Review

In the first quarter of 2013, the MSCI South East Asia Index gained 6.3% in local currency terms, outperforming the broader MSCI Asia-Pacific ex Japan Index by a wide margin. The best performing market in ASEAN on a year-to-date basis was again the Philippines, followed by Indonesia. They were also the top two performers in the Asia-Pacific ex-Japan region.

The Philippine market was up 17.9% in local currency terms during the quarter, mainly due to strong foreign buying ahead of its sovereign upgrade. On 27 March, on the very last day of trading for the quarter, Fitch became the first credit rating agency to upgrade the Philippines' sovereign rating to investment grade. The market added 2.7% on that day and closed at its all-time high.

Indonesia, after the poor performance last year, added 14.3% in local currency terms. After the lacklustre performance in 2012, there was some rotation of funds from Thailand to Indonesia. Macro issues still remain, i.e. current account deficit, deteriorating foreign reserves etc. However, the resilient Rupiah, courtesy of strong support from Bank Indonesia, contributed to foreign investors adding positions in Indonesia.

The MSCI Thailand Index gained 5.4% in Q1 2013, in local currency terms. Strong performance came from the property, construction, consumer, banking and healthcare sectors. The energy and petrochemical sectors underperformed, on the back of concerns over the pace of recovery in China.

Malaysia continued to be the major laggard in ASEAN during the quarter. Investors avoided Malaysia due to concerns regarding political risks post the impending general election. Foreign investors, surprisingly, rotated some funds into Malaysia to reduce their underweight positions as the rest of the ASEAN markets grew more expensive.

Outlook/Strategy

The MSCI SEA Index closed at its new all-time high in Q1 2013. With the TIP markets (i.e. Thailand, Indonesia and Philippines) hitting new highs on an almost daily basis for most of the first quarter of 2013, a period of consolidation could be just around the corner. The PE valuations for these markets are now above 1 time that of the standard deviation, with the Philippines at more than 2 times that of the standard deviation.

We are looking to switch out of some positions in Thailand and Indonesia, the more favoured markets in ASEAN, to the laggard markets of Malaysia and Singapore. Although the general elections in Malaysia is a concern, a tactical switch to Malaysia should add value to the portfolio in the short term as (1) most foreign investors are underweight in Malaysia and adding to their positions as they rotate out of the other outperforming markets; and (2) after the recent run-up in the TIP markets, the valuation of Malaysia's blue chips now look relatively in-expensive.

Medium-term wise, we prefer Indonesia over the other ASEAN markets as (1) it has the highest earnings growth among all the ASEAN markets; and (2) its valuation is relatively inexpensive compared to its growth profile.

In Thailand, the interest rate and inflation environment is likely to remain benign in 2013. Government policies are expected to remain pro-growth and pro-consumption. The investment cycle, government infrastructure spending and private investment, will also continue to be on the uptrend. Against this backdrop, we are positive on the consumer, property, banking and infrastructure-related sectors. The key risk to our positive outlook is political instability, which we do not foresee flaring up in the next 6-12 months.

FIXED INCOME

- ***SINGAPORE***

Market Review

The beginning of Q1 2013 saw core government bonds re-priced lower in January, on the back of positive US economic data, only to benefit from renewed concerns over European sovereign debt in the final two weeks of the quarter. The yield on 10-year US Treasuries closed the quarter at 1.84%, retracing from the high of 2.06% reached in March.

The yield for Singapore Government Securities (SGS) moved in a similar direction, with the curve steepening and yield moving higher for the longer-dated bonds. The 10-year benchmark yield rose 25 bps while the 2-year yield fell 5 bps. However, the long-end SGS underperformed US Treasuries due to the long-duration 30-year SGS auction in late February.

Prior to the 30-year auction, there was some massive buying of short-dated SGS, on the back of speculation of foreign inflows, and of banks requiring more SGS following the implementation of Basel III regulations, as well as a growing consensus view that the Monetary Authority of Singapore (MAS) was likely to maintain its current monetary policy of a gradually appreciating trade-weighted exchange rate.

The last SGS auction in Q1, a new 5-year benchmark, was just as eventful. The issue size was larger than expected but the strong rally seen in late February and a large-sized maturing SGS on the same settlement date were not supportive factors. The average yield was 0.48% while the cut-off yield was 0.57%.

SGD swaps followed more in line with USD rates. Swap rates for 5 years and below fell while the 5-year swap rate was relatively flat and the 10-year swap rate rose 7 bps. Corporate bonds, trading above swaps, have performed better than SGS. The year started with a healthy supply of issuance in January, but there was relatively little issuance in February or March. At the same time, improved sentiment in risky assets such as equities may have impacted demand as well. There was short-end bond issuance from banks such as Bank of China, Bank of East Asia, which took advantage of the low funding levels (<1%) as compared to promotional fixed deposit rates being advertised. It is noted that the loan to deposit ratio in the system is now >90% and there has been some competition for retail deposits. Supply may have driven corporate bonds' performance. We saw large issuances from Housing Development Board (S$1 billion for 3-year bonds and S$1.2 billion for 5-year bonds), and spreads have now widened above 30 bps for HDB secondary bonds.

Outlook/Strategy

In terms of economic recovery, Singapore has lagged compared to its regional peers. The latest figures reported for non-oil domestic exports, industrial production and the Purchasing Managers' Index for February was -30.6% year on year, -0.4% year on year and 49.4 (<50 implies contraction) respectively. The official GDP forecast for 2013 remains 1%-3% but official comments have suggested that expectations are for the lower end of the range.

Looking forward, the Eurozone economy looks likely to remain in recession, with policy makers making little efforts to reverse the contraction. The US, in contrast, is seeing improved spending from both corporates and consumers. However, given the significant amount of fiscal drag and the time lag for the impact of the sequestration job cuts to be felt, the expectation is for economic data in the US to start turning down in the second quarter.

Singapore's economic data is expected to see some reprieve going forward, given their low base but global growth outlook hinges on that of the developed markets and China. Besides growth, other key events to watch include monetary easing measures from the new Bank of

Japan governor, ongoing developments in Cyprus, North Korea and the upcoming Malaysian election.

On the inflation front, February saw high printed figures of 4.9% on a year on year basis, though these figures were skewed by food prices affected by the Lunar New Year and Certificate of Entitlement (COE) prices, capturing the high seen in January's COE auctions. Core inflation also ticked up from 1.2% in January to 1.9% on a year on year basis. There is a risk of persistent tightness in the labour market which would be supportive of wage increases.

Since December 2012, the PMI input price sub-index has been above 50, indicating an expansionary mode. As such, the MAS is not expected to change their policy stance in the upcoming monetary policy meeting in April. The inflow of funds seeking a safe haven, as well as funds seeking reserve diversification following recent rising political tension, is also likely to support the nominal exchange rate despite the relatively weaker economic performance. We expect USD/SGD to trade within a range. Hence, short-end SGD rates will be driven by USD rates and flows.

In terms of corporate bonds, a new-style capital instrument by UOB, compliant under the Basel III regulations is expected, as S&P has given a BBB rating to UOB's new-style Tier 2 bonds recently, five notches below the senior rating of AA-. Since 1 Jan 2013, capital instruments have been required to have loss sharing provisions. We will monitor developments to see how new-style capital instruments are priced against existing old-style ones. Such issuances may be larger in size compared to the recent ones by local and foreign corporate issuers.

We maintain a cautious view on duration as absolute yields are still low but are more comfortable trading the range in the near-term.

- ***ASIA***

Market Review

Despite spreads widening, the Asian Credit market had a positive performance for Q1 2013. The negative impact of spreads widening was offset by the positive movement of US Treasuries and the return from coupon carry.

The JP Morgan Asian Credit Index (JACI) widened by 21 bps, with the Investment Grade (IG) and High Yield (HY) segments widening by 9 bps and 32 bps respectively.

In terms of total returns, the JACI index was up 0.21%. The HY segment outperformed the IG segment on the back of higher coupon carry, returning 0.59% and 0.05% respectively.

Sector-wise, Corporate bonds outperformed Quasi-sovereign bonds and Sovereign bonds, returning 1.34%, -0.38% and -2.74% respectively.

The primary market was busy in Q1 2013, with a total of US$36 billion raised. Issuance amount was skewed toward High Grade bonds (US$19 billion) compared to High Yield bonds (US$16 billion).

EPFR data showed year-to-date inflows into EM hard currency bond funds were at US$ 1.65 billion. Fund flows turned negative in February and outflows continued in March.

Outlook/Strategy

Looking ahead, we think that credit spreads will continue to be range-bound. The performance of IG bonds will mainly be driven by the movement of US Treasuries, while carry will be the main source of return.

The issuance pipeline will likely remain busy in Q2 2013. We are neutral in terms of allocation between IG and HY, with a slight overweight bias on short duration HY bonds of higher quality for their carry.

- ***US/EUROPE***

Market Review

The first quarter of 2013 ended on a subdued note for credit risk markets. Credit total return performance, although still positive, has been subdued when compared with equities. High yield bonds generally did better than investment grade bonds, with the US High Yield indices returning between 1 and 2% while the JULI Investment grade index declined 0.1%. Core government bonds re-priced lower in January on the back of a strong positive surprise in US economic data only to benefit from renewed concerns regarding Europe's sovereign debt in the final 2 weeks of the quarter. The yield on the 10-year US Treasury closed the quarter at 1.84%, retracing from a high of 2.06% reached in January.

The one theme that stood out in the first quarter in developed markets was the divergence in performance between Europe and US. The European sovereign debt came back to the fore with the general elections in Italy which ended with an anti-austerity vote and with the country still lacking a government. This was followed in March by the bail-out of Cyprus, where the taxing of uninsured bank deposits has created a precedent, necessitated the imposition of capital controls and caused a reprising of European risk assets, in particular banking stocks and senior bond spread. In contrast, improved housing and job numbers in the US, as well as the US Federal Reserve's promise to remain committed to its asset buying programme, meant that the US credit markets have performed better.

Outlook/Strategy

Looking forward, the Euro area economy looks set to remain in recession, with policy makers making little effort to reverse the contraction. The US, in contrast, is seeing better spending from both corporates and consumers. However, given the huge amount of fiscal drag and the time lag required for the sequestration job cuts to feed through the system, the expectation is for economic data to start turning down in the second quarter.

LION GLOBAL INVESTORS

APPENDIX 1

Market Valuations

Valuation as of date 31 Mar 2013	EPS Growth (%)			3-mth chg. In EPS est. (%)		P/E (x)			P/B (x)	DY (%)
	2012	2013	2014	2013	2014	2012	2013	2014	current	current
Asia/Pacific										
Japan	**(27.2)**	**15.7**	**49.2**	**(2.1)**	**5.6**	**24.4**	**21.1**	**14.2**	**1.3**	**1.8**
Topix Index	0.2	38.0	25.0			20.8	15.0	12.0	1.1	1.9
Nikkei 225	3.9	28.0	29.2			23.6	18.4	14.3	1.5	1.7
Australia	**(2.3)**	**(1.9)**	**9.9**	**0.0**	**(0.4)**	**14.8**	**15.1**	**13.7**	**2.0**	**4.3**
S&P/ASX 200 Index	35.7	12.4	9.0			15.2	13.5	12.4	2.0	4.4
China	**0.9**	**10.6**	**11.0**	**0.6**	**0.2**	**10.5**	**9.5**	**8.5**	**1.6**	**3.1**
Shanghai SE Composite Index	29.1	14.5	3.3			9.5	8.3	8.1	1.5	3.1
Shenzhen SE Composite Index	59.0	24.3	13.0			17.0	13.6	12.1	2.5	-
Hong Kong	**(13.7)**	**13.3**	**10.6**	**1.2**	**0.6**	**17.7**	**15.7**	**14.2**	**1.4**	**2.5**
Hang Seng Index	(1.4)	9.0	10.0			10.8	9.9	9.0	1.4	3.6
India	**9.0**	**15.1**	**15.4**	**(0.8)**	**(0.0)**	**15.4**	**13.3**	**11.6**	**2.6**	**1.4**
BSE Sensex 30 Index	10.1	14.8	6.8			14.6	12.7	11.9	2.6	1.7
Indonesia	**7.3**	**12.5**	**16.0**	**0.2**	**0.5**	**17.6**	**15.7**	**13.5**	**4.0**	**2.2**
Jakarta Composite Index	19.1	18.3	11.8			15.8	13.3	11.9	3.1	1.9
Korea	**15.4**	**30.5**	**12.8**	**(1.8)**	**(1.3)**	**11.6**	**9.0**	**7.9**	**1.2**	**1.0**
KOSPI Index	387.8	14.8	-			10.6	9.2	-	1.2	1.3
Malaysia	**15.3**	**1.7**	**9.6**	**(1.8)**	**(1.7)**	**15.2**	**14.9**	**13.6**	**2.1**	**2.9**
FTSE Bursa Malaysia KLCI	(2.2)	8.9	8.2			15.2	14.0	12.9	2.2	3.5
Philippines	**17.3**	**7.6**	**12.1**	**(1.0)**	**(0.1)**	**21.9**	**20.3**	**19.0**	**3.3**	**1.6**
PSEi - Philippine SE Idx	8.0	14.4	7.0			20.5	18.0	16.8	3.3	2.0
Singapore	**5.7**	**2.1**	**9.3**	**(1.0)**	**(0.6)**	**15.0**	**14.7**	**13.4**	**1.5**	**3.1**
Straits Times Index	(27.6)	9.5	9.7			15.1	13.8	12.6	1.5	3.0
Taiwan	**3.5**	**31.1**	**12.0**	**0.5**	**0.2**	**19.3**	**14.7**	**13.1**	**1.8**	**3.4**
Taiwan Taiex Index	51.7	14.6	8.9			14.8	12.9	11.9	1.7	3.1
Thailand	**18.1**	**19.7**	**12.1**	**(1.3)**	**(0.5)**	**15.4**	**12.9**	**11.5**	**2.5**	**2.8**
Stock exchange of Thai Index	24.6	13.4	9.7			14.3	12.6	11.5	2.5	3.1
Vietnam	**20.4**	**18.8**	**11.9**	**n/a**	**n/a**	**11.7**	**9.9**	**8.8**	**1.9**	**3.6**
Asia Pacific	**5.7**	**23.5**	**12.0**	**1.6**	**1.6**	**16.1**	**13.1**	**11.7**	**1.5**	**2.5**
Asia ex Japan	**4.9**	**17.2**	**11.9**	**(0.3)**	**(0.3)**	**13.7**	**11.7**	**10.4**	**1.6**	**2.4**
Asia Pac ex Japan	**2.2**	**13.3**	**11.7**	**(0.4)**	**(0.3)**	**14.0**	**12.4**	**11.1**	**1.7**	**3.0**
Europe	**6.5**	**11.4**	**9.7**	**(2.3)**	**(1.8)**	**11.8**	**10.6**	**9.7**	**1.6**	**3.6**
DJ Stoxx 600 € Pr	50.4	12.8	10.5			12.6	11.2	10.1	1.6	3.7
S&P Europe 350 Index	48.1	12.3	10.3			12.3	10.9	9.9	1.6	3.8
United States	**7.4**	**11.6**	**10.7**	**(0.8)**	**(0.9)**	**14.5**	**13.0**	**11.7**	**2.4**	**2.1**
S&P 500	8.8	11.7	10.7			14.2	12.7	11.5	2.3	2.2
Dow Jones Industrial Average	9.0	9.2	9.0			13.0	11.9	10.9	2.9	2.6
NASDAQ Composite Index	44.4	18.7	14.4			17.1	14.5	12.6	2.9	1.4

Source: Credit Suisse, Bloomberg, MSCI, Thomson

3-month change in EPS for Australia and Japan correspond to June 2013-2014 and March 2013-2014, respectively.
Source: Credit Suisse, Bloomberg, MSCI, Thomson

APPENDIX 2

Date: March 31, 2013

Economic data	Real GDP %YoY			CPI %YoY			Current Official policy rate (%)	Government bond yield (%)				Exchange rates				Unemploy-ment (% of labor force)	Current account balance (% GDP)	Fiscal balance (% GDP)	Business confidence		Consumer confidence	
	2012E	2013E	2014E	2012E	2013E	2014E		2 yr	5 yr	10 yr	10-2yr		Spot	%3M chg	%12M chg	2013E	2013E	2013E	latest	%3M chg	latest	%3M chg
Asia/Pacific																						
Japan	2.0	1.5	1.3	0.0	0.0	1.8	0.09	0.1	0.1	0.6	0.5	US$/¥	94.1	-8.3	-12.8	4.1	0.3	-9.8	60.8	13.9	44.2	13.0
Australia	3.6	2.4	3.0	1.8	2.8	2.5	3.00	2.8	3.0	3.4	0.6	A$/US$	1.0	-0.3	-0.2	5.5	-4.7	-0.8	48.5	12.3	110.5	10.5
China	7.8	7.8	7.3	2.6	2.8	3.6	3.00	3.1	3.2	3.6	0.5	US$/CNY	6.2	0.4	1.4	4.1	2.4	-2.0	124.4	1.3	108.2	4.3
Hong Kong**	1.4	3.0	3.5	4.1	4.3	3.7	0.50	0.2	0.5	1.1	0.9	US$/HK$	7.8	-0.1	0.0	3.3	5.6	1.8	75.9	5.7	79.6	8.4
India*	5.0	5.7	6.4	7.5	7.0	6.0	7.50	8.0	8.0	8.1	0.0	US$/INR	54.5	0.6	-6.5	N/A	-4.3	-8.3	N/A	N/A	85.5	N/A
Indonesia	6.2	6.2	6.3	4.3	5.5	4.2	5.75	4.4	5.1	5.6	1.2	US$/IDR	9,735	-1.0	-5.9	5.9	-2.1	-1.5	N/A	N/A	116.8	0.3
Korea	2.0	1.5	1.3	2.2	2.5	3.0	2.75	2.8	3.0	3.2	0.3	US$/KRW	1,112.2	-4.0	1.8	3.3	2.5	1.1	69.0	6.2	104.0	5.1
Malaysia	5.6	5.5	6.0	1.6	2.0	2.8	3.00	3.0	3.2	3.5	0.5	US$/MYR	3.1	-1.0	-1.1	2.9	5.0	-4.0	94.1	-2.0	118.7	0.3
Philippines	6.6	6.2	6.6	3.1	3.5	3.8	3.50	0.9	3.1	3.5	2.7	US$/PHP	40.8	0.5	5.1	6.5	3.2	-2.3	49.5	16.5	N/A	N/A
Singapore**	1.3	2.0	4.0	4.6	4.0	3.4	0.38	0.3	0.3	1.3	1.0	US$/S$	1.2	-1.4	1.3	1.9	14.0	0.7	-2.0	-200.0	N/A	N/A
Taiwan	1.3	3.5	4.0	1.9	1.7	2.0	1.88	0.7	0.9	1.2	0.5	US$/TW$	29.8	-2.6	-1.2	4.1	8.4	-1.2	N/A	N/A	33.1	N/A
Thailand	6.4	4.7	4.8	3.0	3.3	3.5	2.75	2.9	3.2	3.5	0.6	US$/THB	29.3	4.5	5.4	0.8	-0.3	-2.2	51.2	1.2	84.0	4.7
Vietnam**	5.0	5.4	5.8	9.3	7.6	7.2	8.00	9.1	9.8	10.2	1.2	US$/VND	20,940	-0.5	-0.6	4.0	2.4	-3.8	N/A	N/A	N/A	N/A
Europe																						
Euro Area	-0.5	-0.5	-0.3	2.5	1.7	1.5	0.75	0.0	0.3	1.3	1.3	€/US$	1.3	2.8	4.0	12.1	2.6	-2.7	-0.9	-22.5	-23.5	-10.6
UK	0.2	0.4	0.7	2.8	3.1	2.9	0.50	0.3	0.9	1.8	1.5	£/US$	1.5	5.9	5.3	7.5	-4.5	-8.4	98.2	1.1	41.0	N/A
Switzerland	1.0	1.1	1.1	-0.7	-0.4	-0.4	0.00	-0.2	0.1	0.5	0.7	CHF/US$	0.9	-3.4	-4.8	2.1	12.8	0.4	15.6	136.4	N/A	N/A
Sweden	1.2	1.0	1.9	0.9	0.4	1.4	1.00	0.7	1.0	1.5	0.8	US$/SEK	6.5	0.0	1.7	8.2	7.3	-1.2	99.8	5.5	10.8	3,500.0
Norway	3.3	2.8	2.8	0.7	1.7	1.8	1.50	-	1.5	2.1	-	US$/NOK	5.8	-4.2	-2.3	3.3	14.5	13.2	N/A	N/A	27.1	4.2
United States	2.3	2.1	2.8	1.8	1.7	2.1	0.25	0.2	0.8	1.8	1.6	-	-	-	-	7.6	-2.7	-7.0	56.0	0.5	59.7	-10.5

Source: Bloomberg, CEIC, CIRA Estimates

* India: Wholesale price index (WPI) is used to measure inflation
** Hong Kong: Hong Kong base rate (HKBASE Index) is used as official policy rate
Singapore: 3-month SIBOR is used as offical policy rate
Vietnam: Base lending rate is used as official policy rate

31-Mar-13	Spot	% chg 3M	% chg 12M
VIX	12.7	-44.1	-18.1
Gold (US$/ounce)	1,598.8	-3.4	-4.2
WTI Crude oil (US$/barrel)	97.2	5.4	-7.1

Source: Bloomberg

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