

# ING Investor Dashboard

Q3 2008 Regional Findings

Presented by ING

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[www.ing.com](http://www.ing.com)

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



# Introduction to the ING Investor Dashboard

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- ING Investor Dashboard measures and tracks investor sentiment and behaviour of mass affluent investors each quarter across 13 Asia Pacific markets
  - Markets surveyed include China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan, Australia and New Zealand
- 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, Australia and New Zealand
  - Allows each market in Asia Pacific to be benchmarked and tracked against the pan-Asia index

# Introduction to the ING Investor Dashboard

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- 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
- Q3 08 survey was conducted in September 08 and involved face-to-face or online interviews. Q3 07, Q4 07, Q1 08 and Q2 08 surveys were carried out in August 07, December 07, March 08 and June 08 respectively
- Respondents are aged 30 years and above, and have disposable assets or investments of US\$100,000\* and above
- Total sample size of 1,307 mass affluent investors
- Survey conducted by international and independent research firm TNS

\* *Exception for Indonesia (disposable assets or investments of US\$56,000 and above) and the Philippines (disposable assets or investments of US\$100,000 or monthly income of Php250,000 and above)*



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# KEY FINDINGS

# Key Findings

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- **ING Investor Dashboard pan-Asia (ex-Japan) Sentiment Index for Asia shows a 39% year-on-year decline**
  - Index falls to 86 for Q3 08 from 141 for Q3 07
- **Index registers the largest quarter-on-quarter fall of 21% for Q3 08 from Q2 08**
  - Index falls to 86 for Q3 08 from 109 for Q2 08
- **More investors are feeling a negative impact on the economy, their personal financial status and their return on investments**
  - 58% of Asian investors (ex-Japan) say the economy deteriorated in Q3 08 compared to 54% in Q2 08
  - 40% say their financial situation deteriorated in Q3 08 compared to 28% in Q2 08
  - 48% say their return on investments deteriorated in Q3 08 compared to 36% in Q2 08

# Key Findings

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- **The worsening global financial situation, slowdown in the US economy and inflation remain key external concerns for Asian investors for Q4 08**
  - 73% of Asian investors (ex-Japan) say they will be impacted by the subprime crisis in Q4 08
  - 72% say they will be impacted by the US economy in Q4 08
  - 75% expect inflation to impact their investment decisions in Q4 08

# Key Findings

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- **US-dependent markets are seen to be more sensitive to volatility in the global markets**
  - China, Hong Kong, Singapore, Korea and Taiwan register the largest quarter-on-quarter falls for the year
- **Looking ahead to Q4 08, China, Hong Kong, Korea and Singapore appear the most sensitive about the global impact of the subprime crisis and slowdown in the US economy**
  - 80% of Chinese investors; 94% of Hong Kong investors; 87% of Korean investors; and 87% of Singaporean investors say they will continue to be impacted by the subprime crisis in Q4 08
  - 86% of Chinese investors; 89% of Hong Kong investors; 92% of Korean investors; and 93% of Singaporean investors say they will continue to be impacted by the slowdown in the US economy in Q4 08

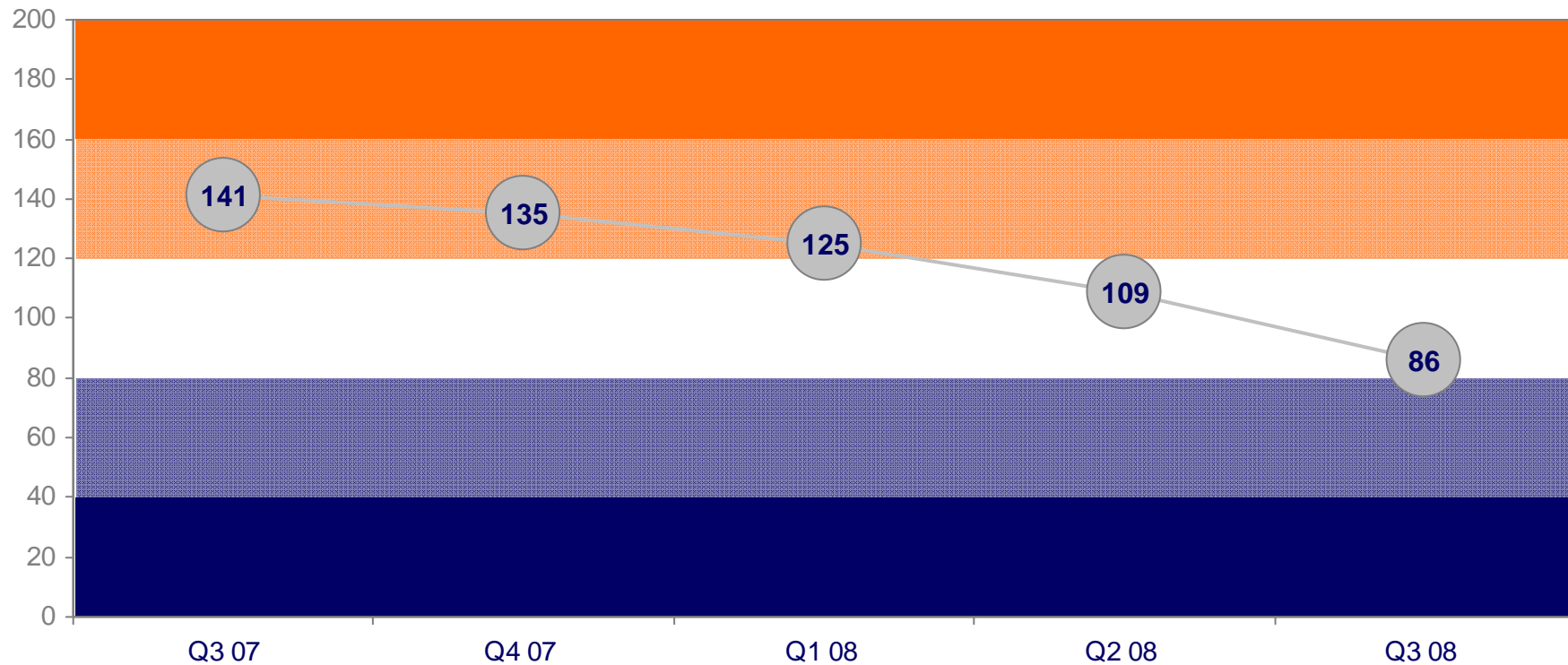
# Key Findings

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- **Investors continue to move towards lower risk investments as they ride out the current downturn**
  - 48% of Asian investors (ex-Japan) view low-risk investments as favourable compared to 30% for medium-risk investments and 24% for high-risk investments
- **Investors are continuing to hold on to cash while moving away from local stocks and investments in global resources**
  - 35% of Asian investors (ex-Japan) say they intend to continue holding on to cash/deposits in Q4 08
  - 17% intend to invest in local stocks in Q4 2008 compared to 23% who intended to do so in Q3 08
  - 28% intend to invest in global resources in Q4 2008 compared to 40% who intended to do so in Q3 08

# ING Investor Dashboard Pan-Asia Sentiment Index

The ING Investor Dashboard Pan-Asia (ex-Japan) Sentiment Index falls to 86 for Q3 2008 from 109 for Q2 2008 as external market and economic developments continue to weight on investors.



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)

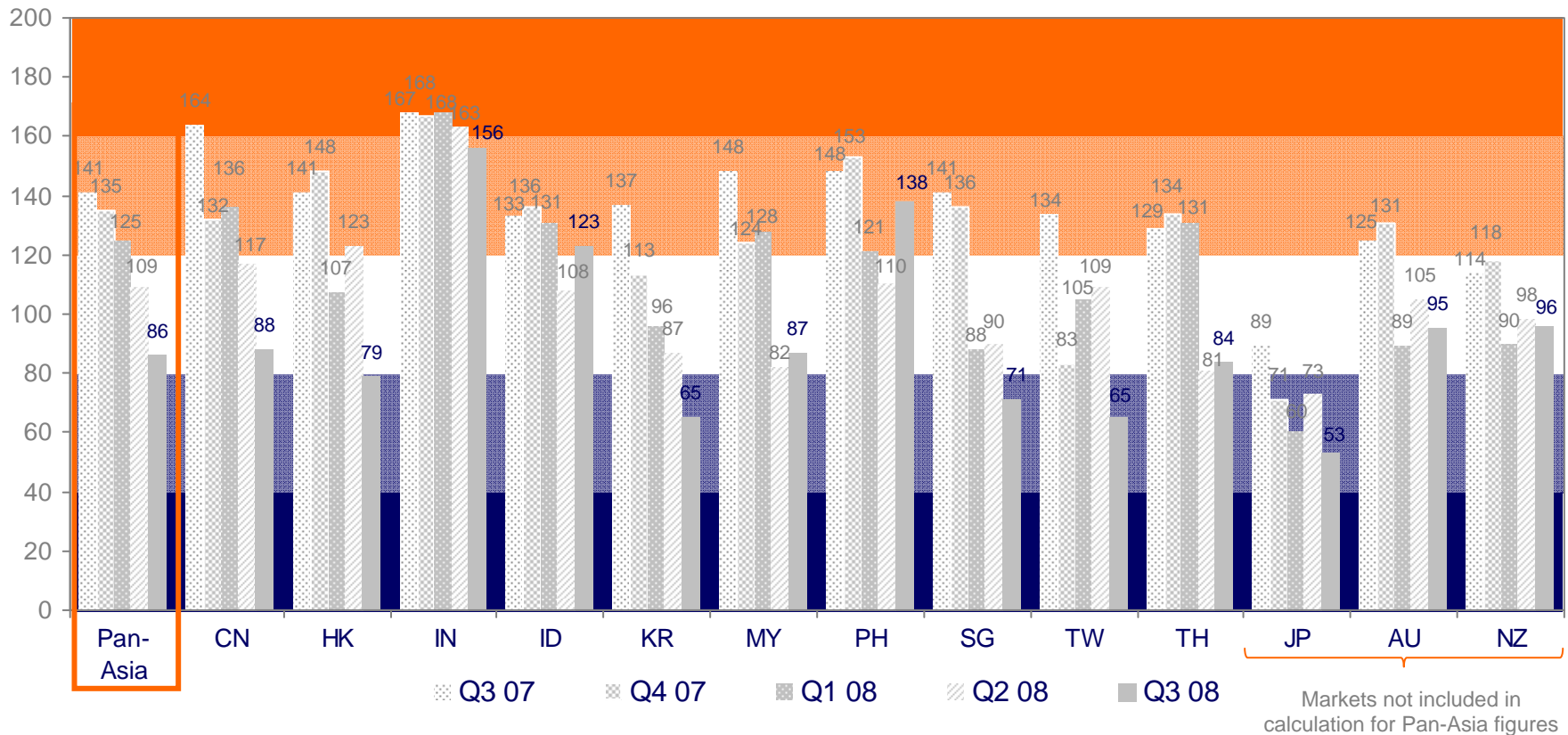
■ Very optimistic  
 ■ Optimistic  
 ■ Neutral  
 ■ Pessimistic  
 ■ Very pessimistic

Base: All Respondents - excluding Japan (JP), Australia (AU) and New Zealand (NZ)



# ING Investor Dashboard Sentiment Index – 13 Markets

The more US-dependent markets including China, Hong Kong, Korea, Singapore and Taiwan, lead the fall in investor sentiment in Asia for Q3 2008. Taiwan registers the largest fall in investor sentiment.



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)

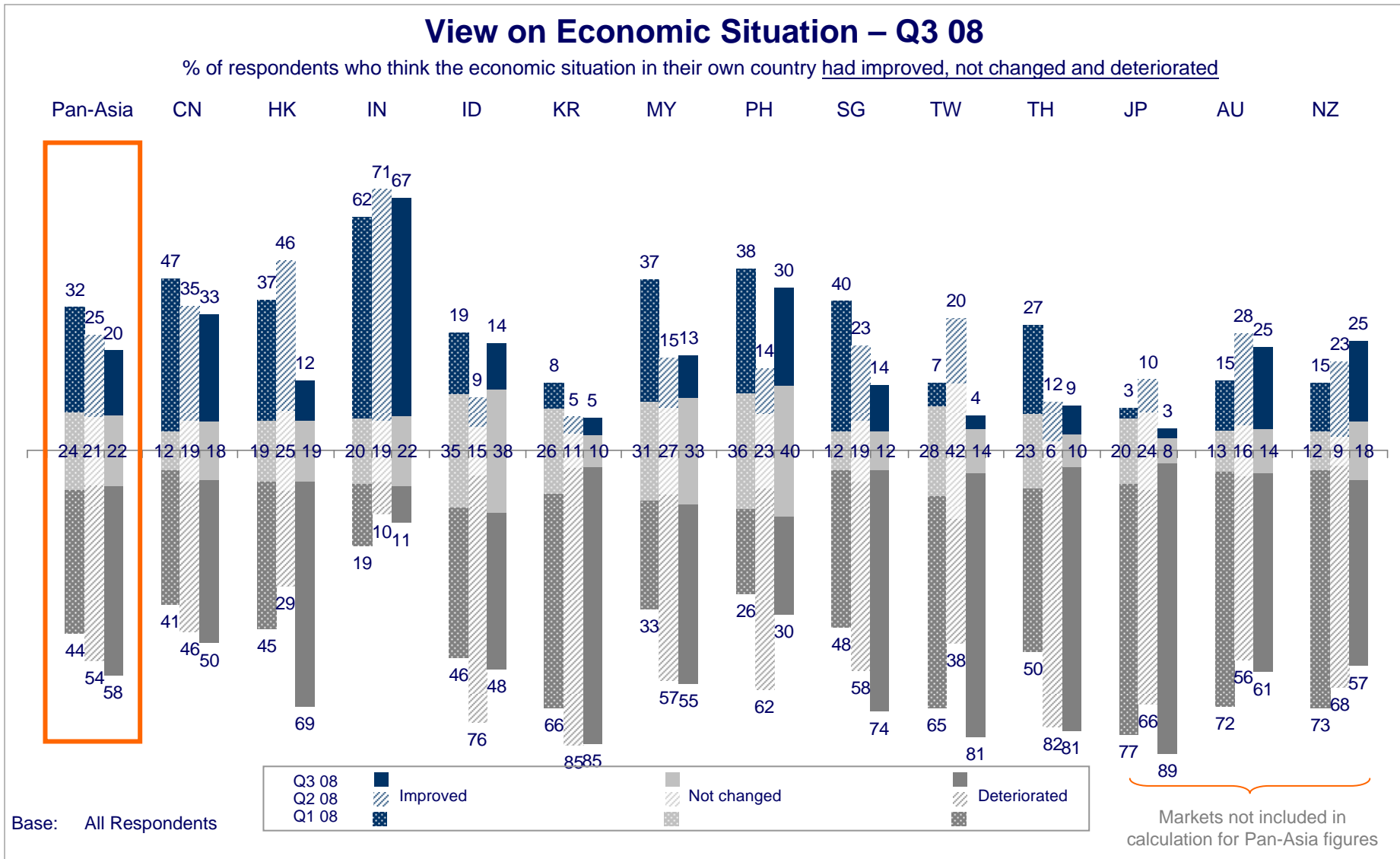
■ Very optimistic  
 ■ Optimistic  
 ■ Neutral  
 ■ Pessimistic  
 ■ Very pessimistic

Base: All Respondents



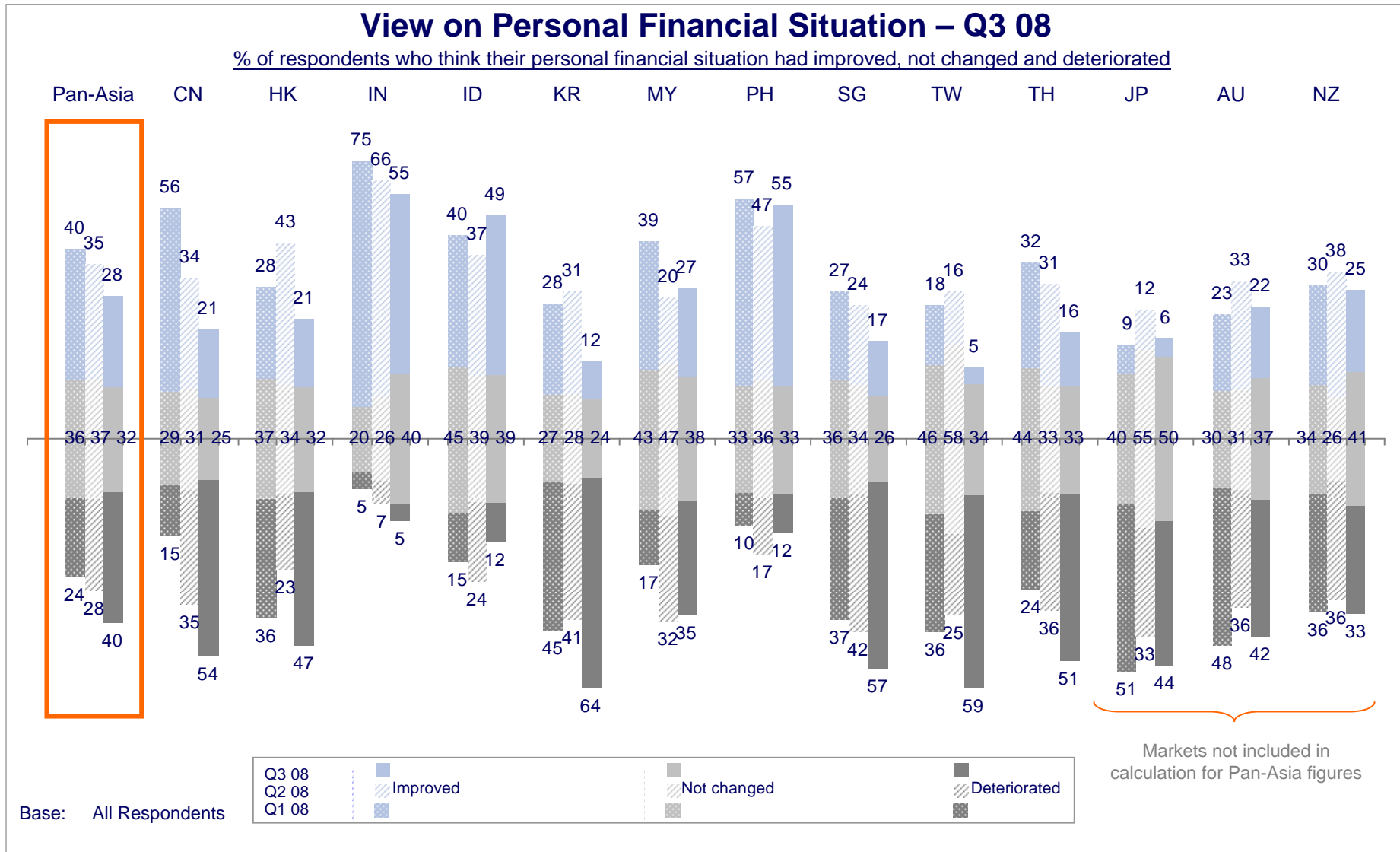
# View on Economic Situation

58% of Asian investors (ex-Japan) say the economy deteriorated in Q3 2008 compared to 54% in Q2 2008.



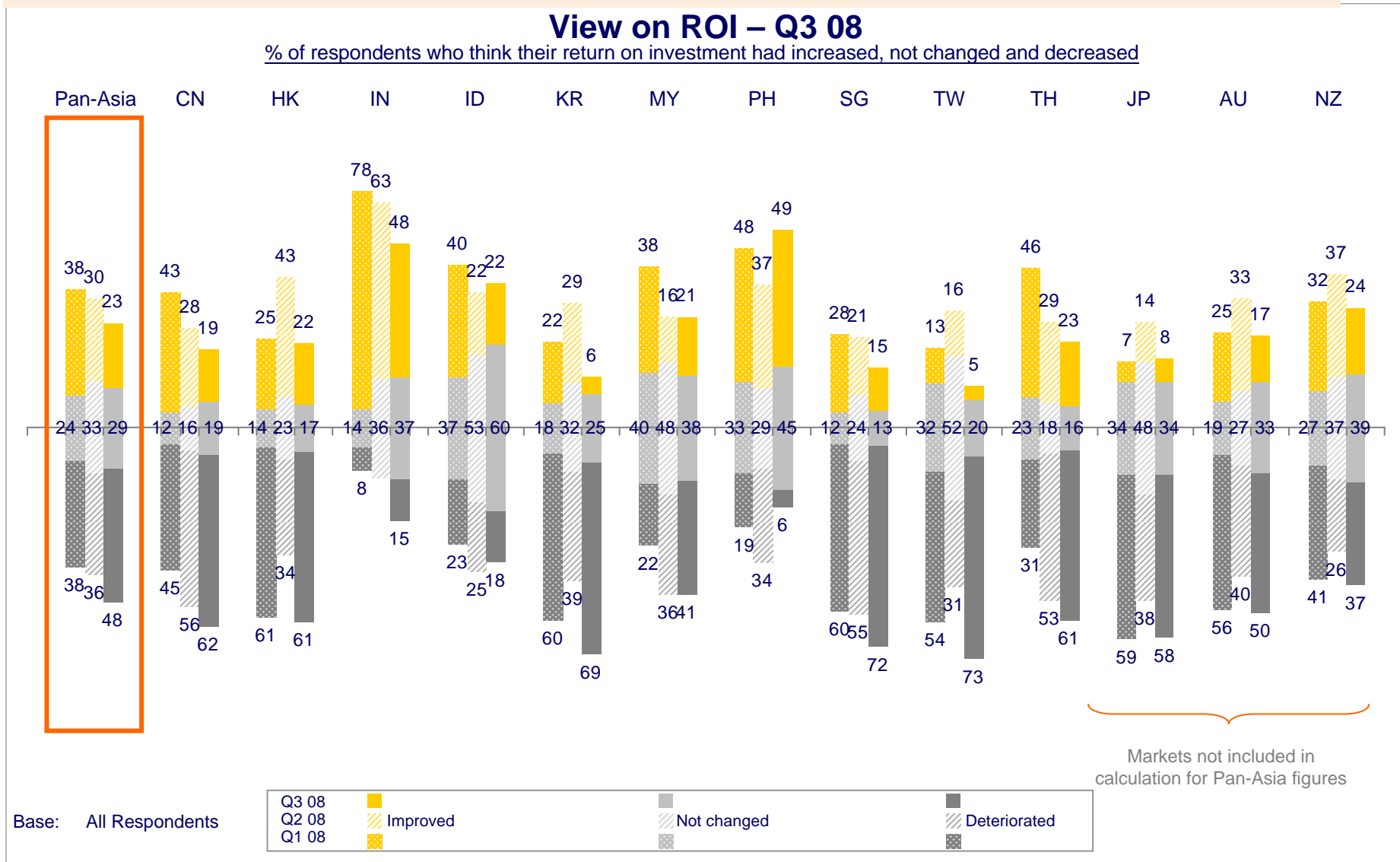
# View on Personal Financial Situation

40% of Asian investors (ex-Japan) say their personal financial situation deteriorated in Q3 2008 compared to 28% in Q2 2008.



# View on Return on Investment

48% of Asian investors (ex-Japan) say their return in investment deteriorated in Q3 2008 compared to 36% in Q2 2008.

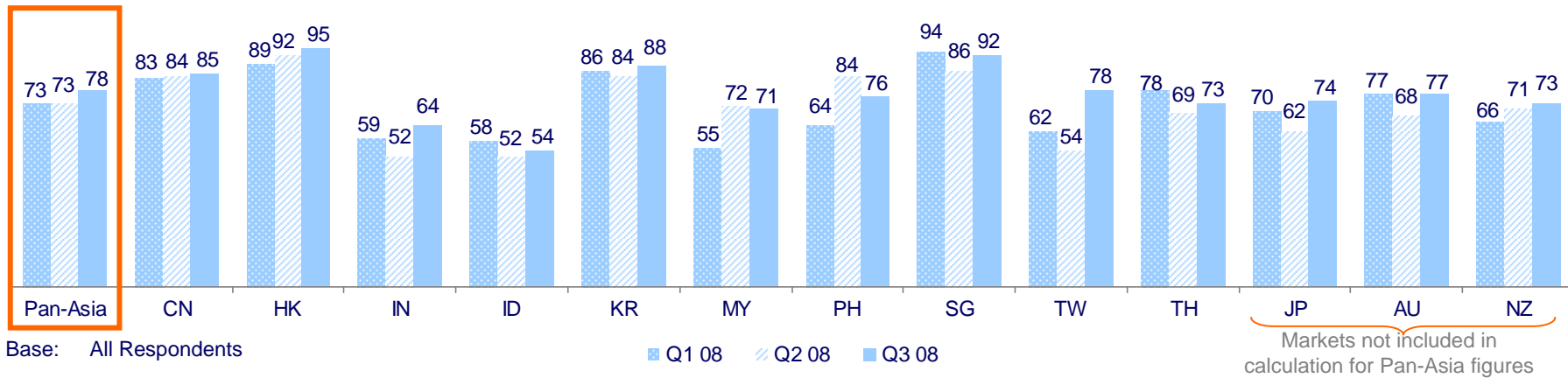


# Effect of Subprime Crisis/Credit Crunch

78% of Asian investors (ex-Japan) say they have been impacted by the subprime crisis in Q3 2008 and 73% say they will continue to be impacted by the subprime crisis in Q4 2008. US-dependent markets including China, Hong Kong, Korea and Singapore appear to be the most concerned about the impact of the subprime crisis/credit crunch for Q4 2008.

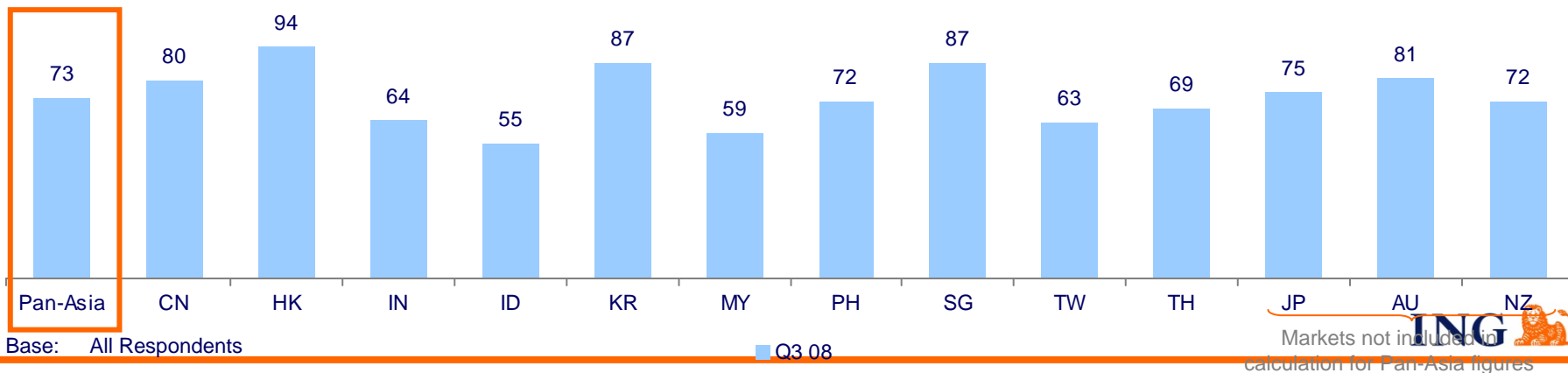
## Effect of Subprime Crisis / Credit Crunch – Q3 08

% of respondents whose investment decisions had been affected by subprime crisis / credit crunch



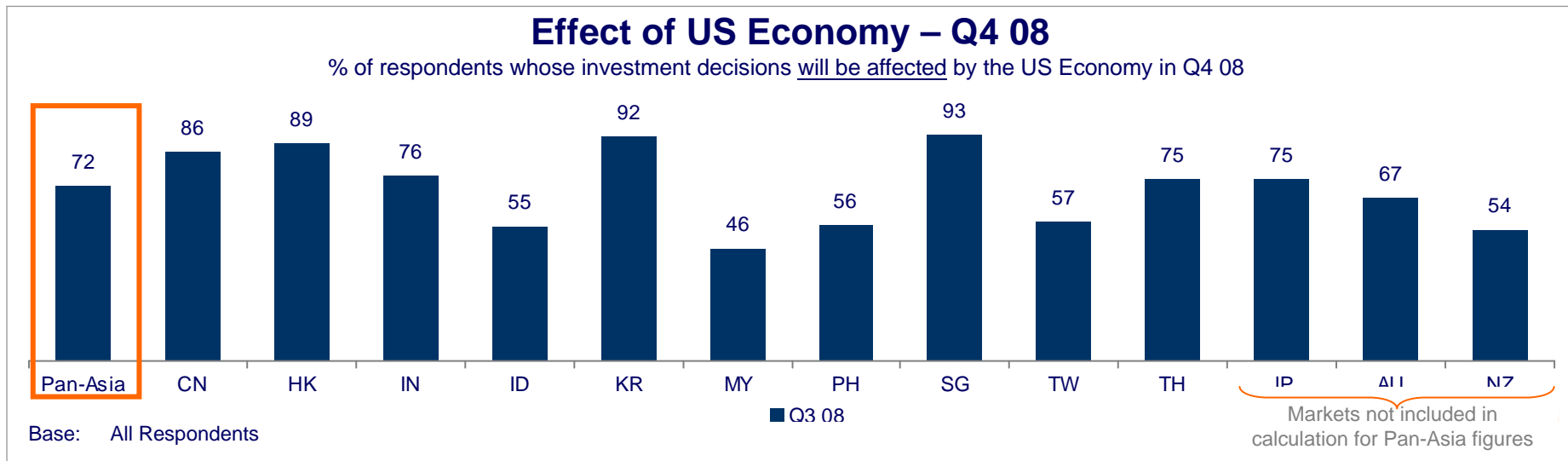
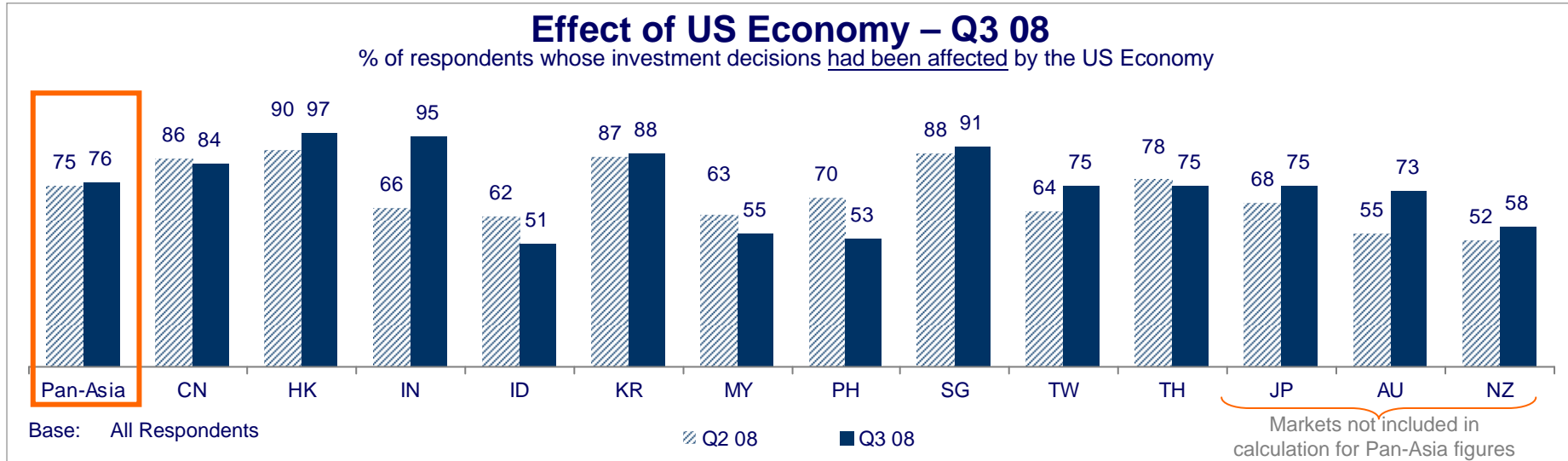
## Effect of Subprime Crisis / Credit Crunch – Q4 08

% of respondents whose investment decisions will be affected by subprime crisis / credit crunch in Q4 08



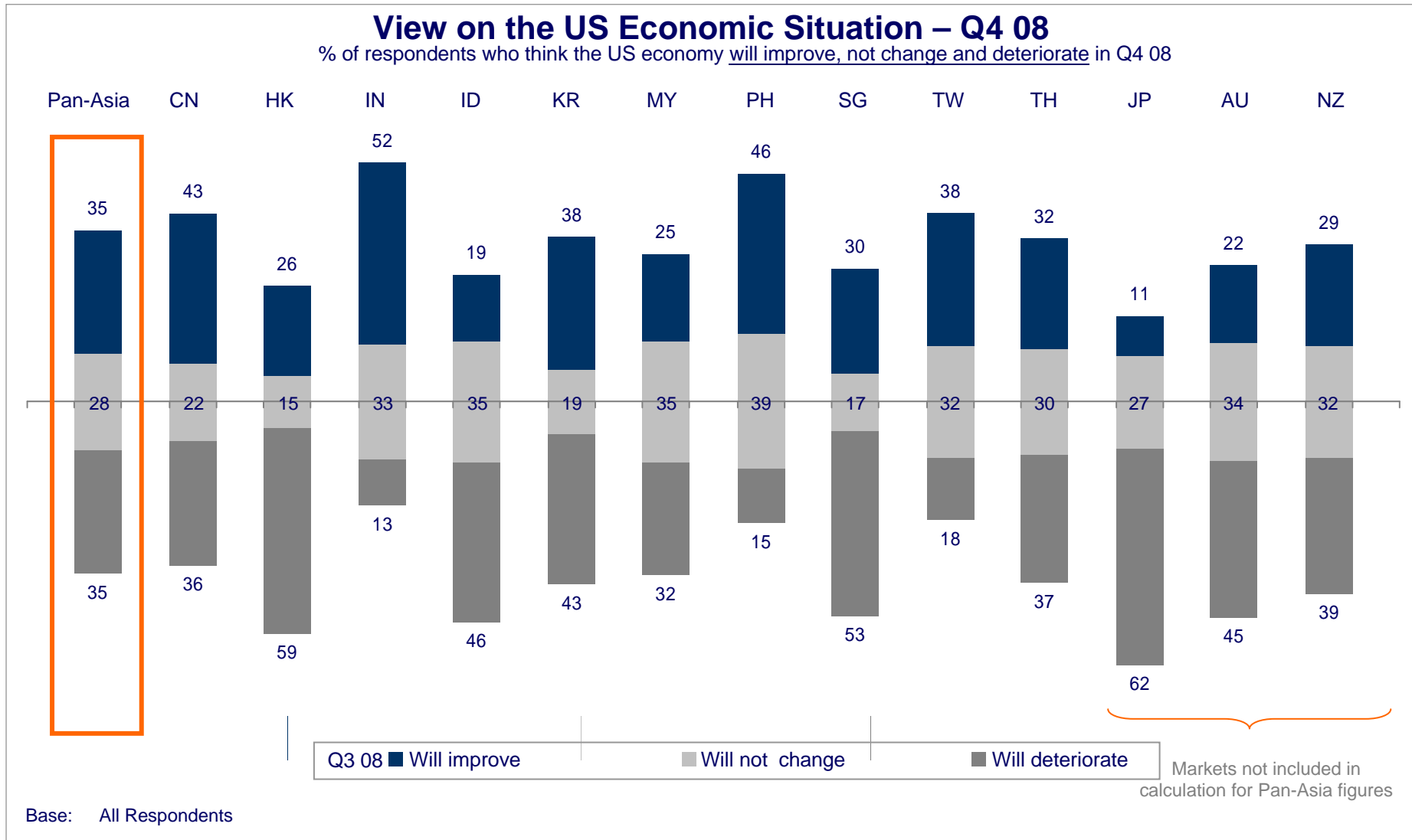
# Effect of US Economy on Investment Decisions

76% of Asian investors (ex-Japan) say they have been impacted by the US economy in Q3 2008 and 72% say they will continue to be impacted by the US economy in Q4 2008. US-dependent markets including China, Hong Kong, Korea and Singapore appear to be the most concerned about the impact of the US economy for Q4 2008.



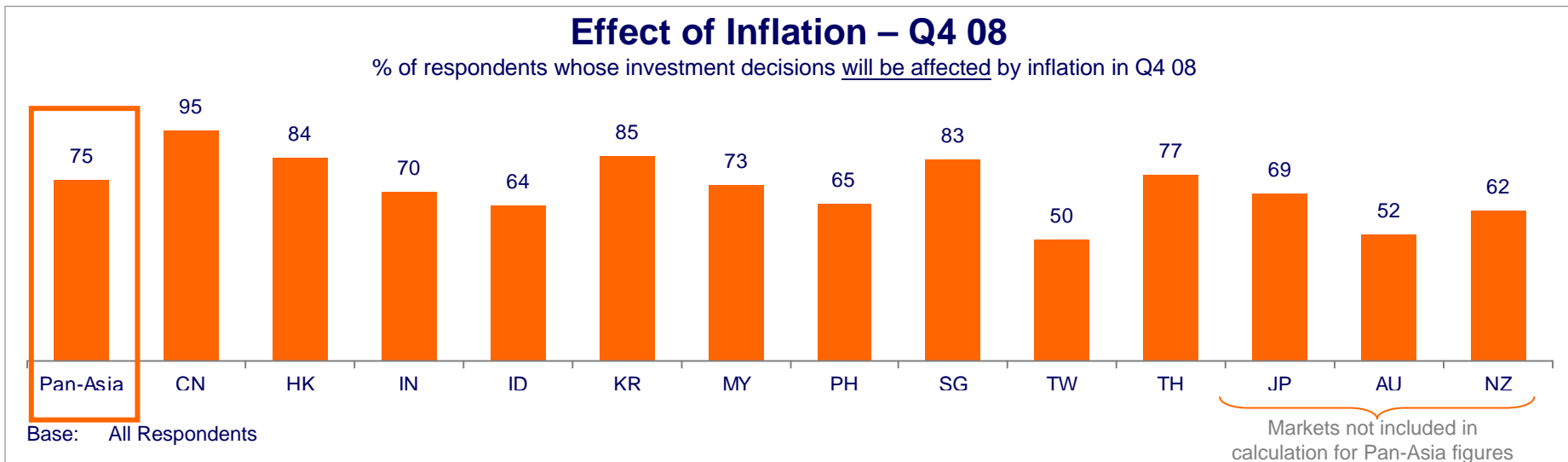
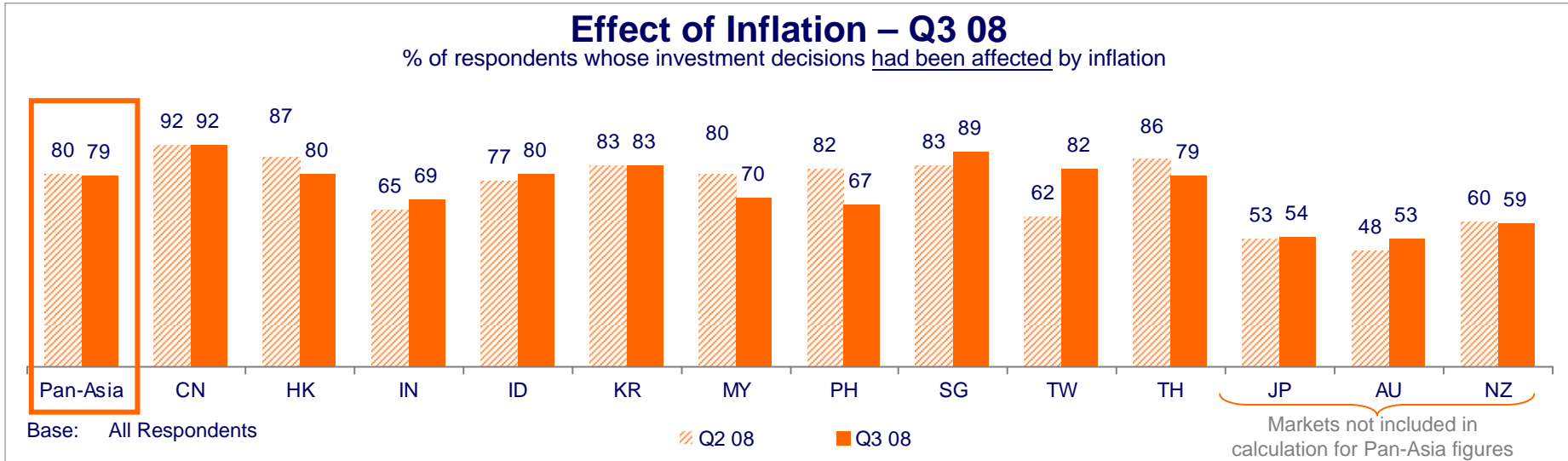
# View on the US Economic Situation – Q4 08

35% of Asian investors (ex-Japan) expect the US economy to deteriorate in Q4 2008.



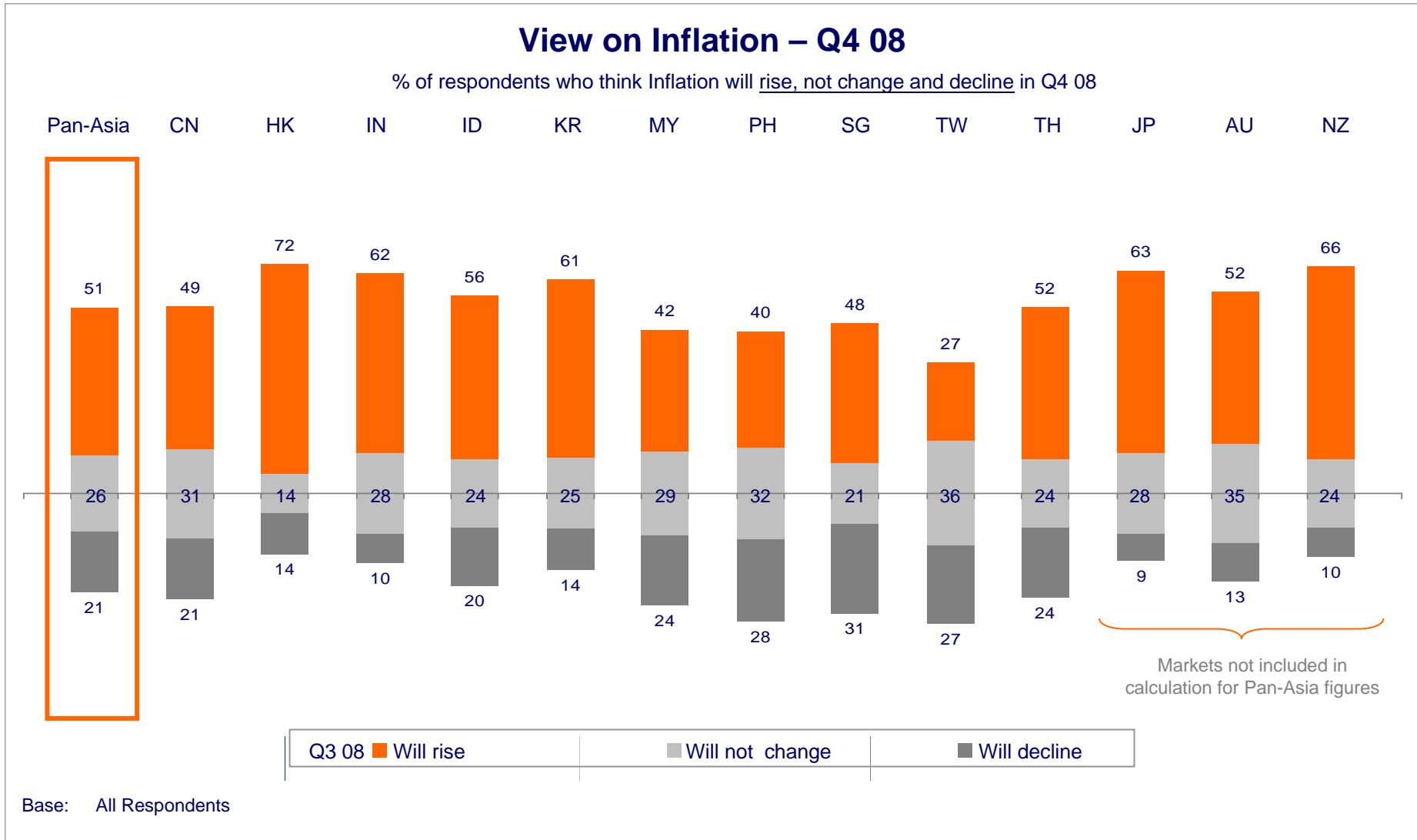
# Effect of Inflation on Investment Decisions

The impact of inflation on investor sentiment appears to be abating slightly. 75% of Asian investors (ex-Japan) expect inflation to impact their investment decisions in Q4 2008 compared to 79% who say inflation impacted their investment decisions in Q3 2008.



# View on Inflation – Q4 08

51% of Asian investors (ex-Japan) expect inflation to rise in Q4 2008.

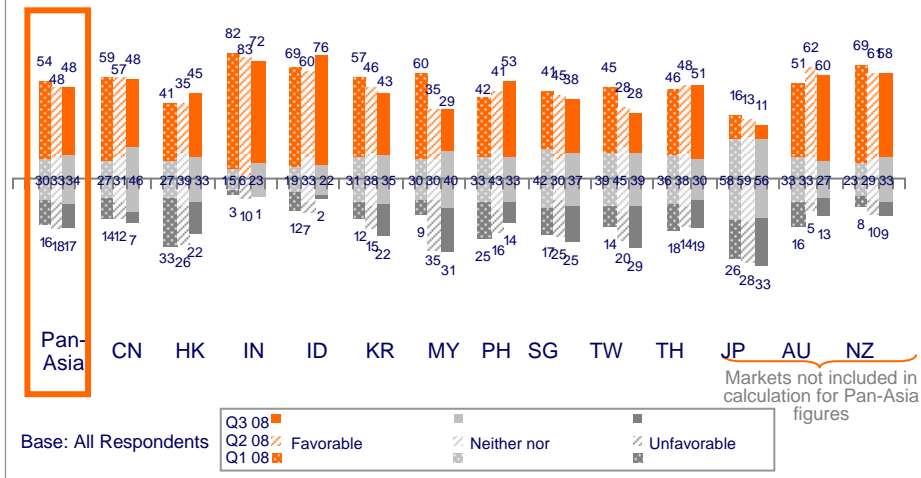


# View on High, Medium and Low Risk/Return Investment Sectors

Investors' risk appetites continue to fall in Asia. 48% of Asian investors (ex-Japan) view low-risk investments as favourable compared to 30% for medium-risk and 24% for high-risk investments.

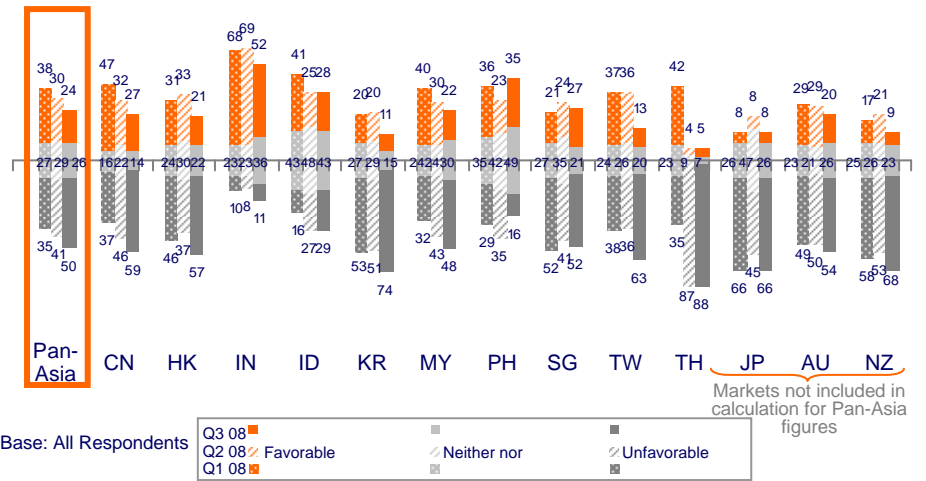
## View on Low Risk/Return Investment Sector

% of respondents who think the low risk/return investment sector is favourable



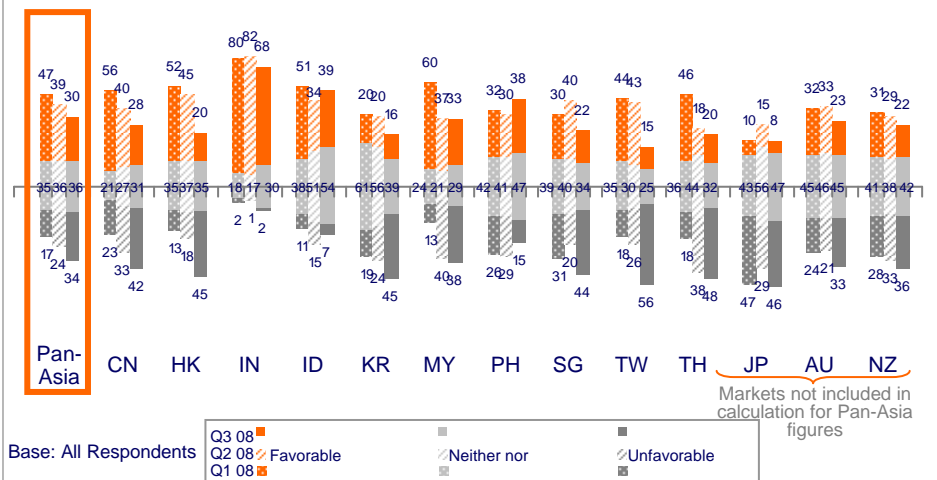
## View on High Risk/Return Investment Sector

% of respondents who think the high risk/return investment sector is favourable



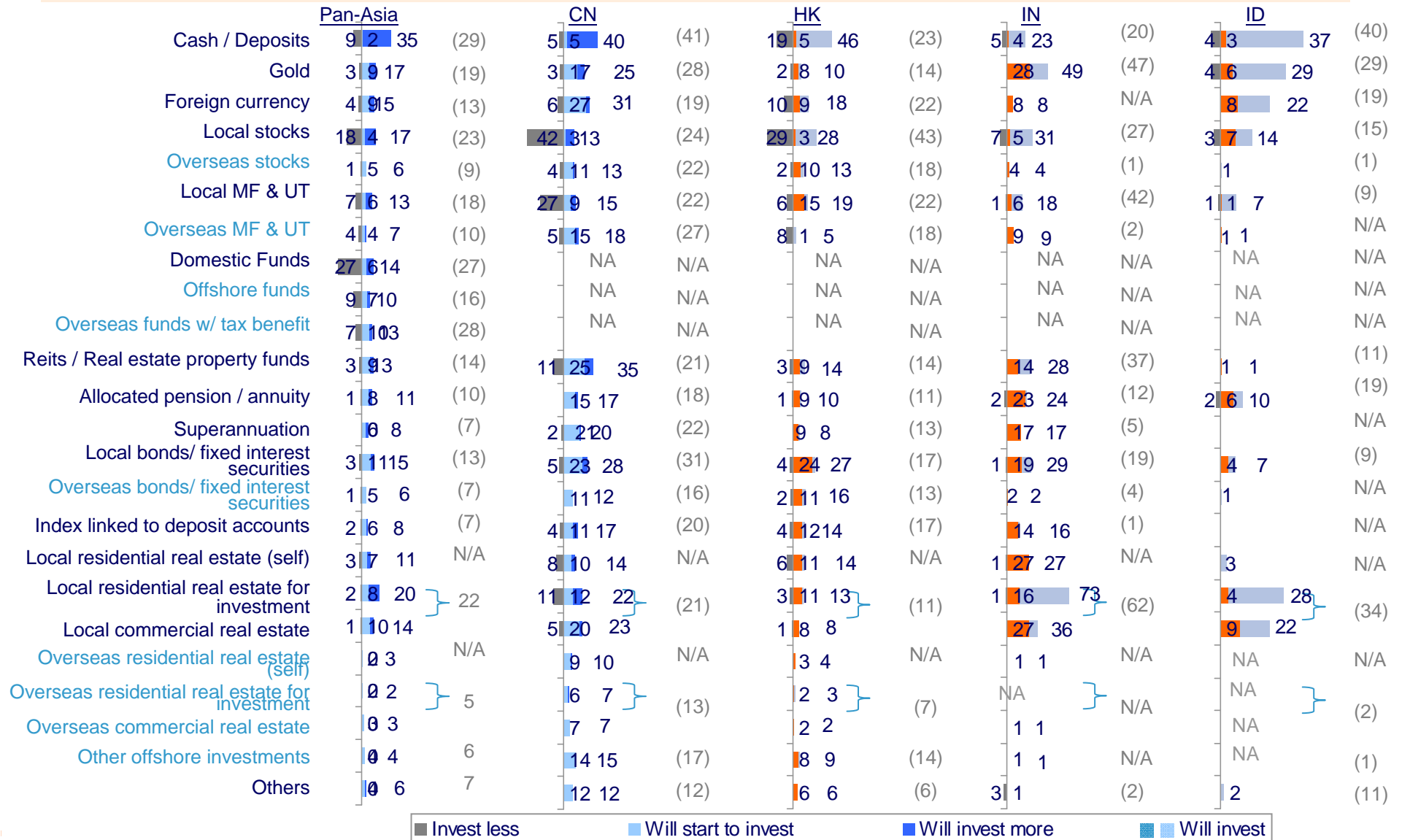
## View on Medium Risk/Return Investment Sector

% of respondents who think the medium risk/return investment sector is favourable



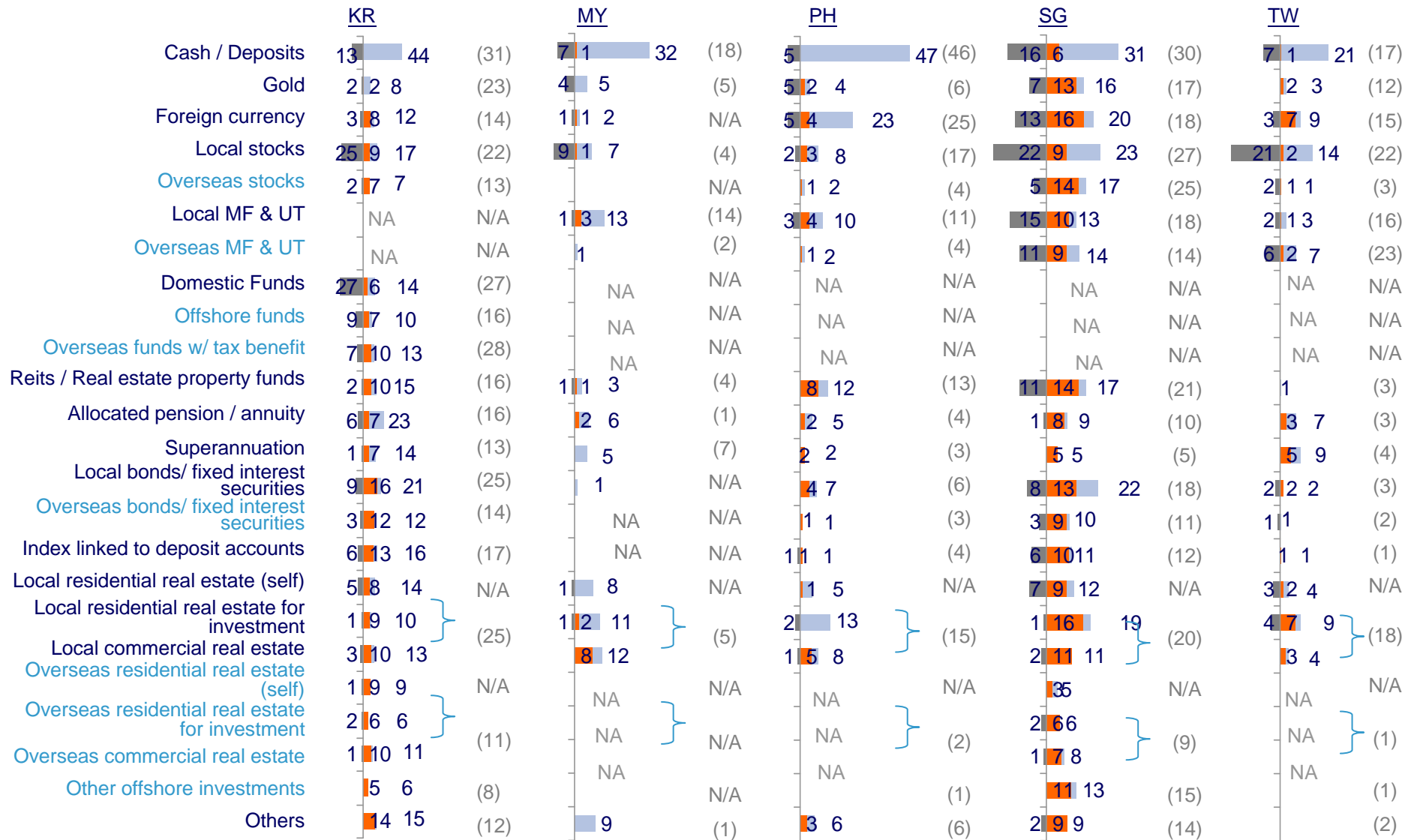
# Q4 2008 Investments

Asian investors are continuing to hold on to cash while moving away from investments in local stocks. 35% of Asian investors (ex-Japan) say they intend to continue holding on to or investing in cash/deposits in Q4 2008; and 17% intend to invest in local stocks in Q4 2008 compared to 23% who intended to do so in Q3 2008.



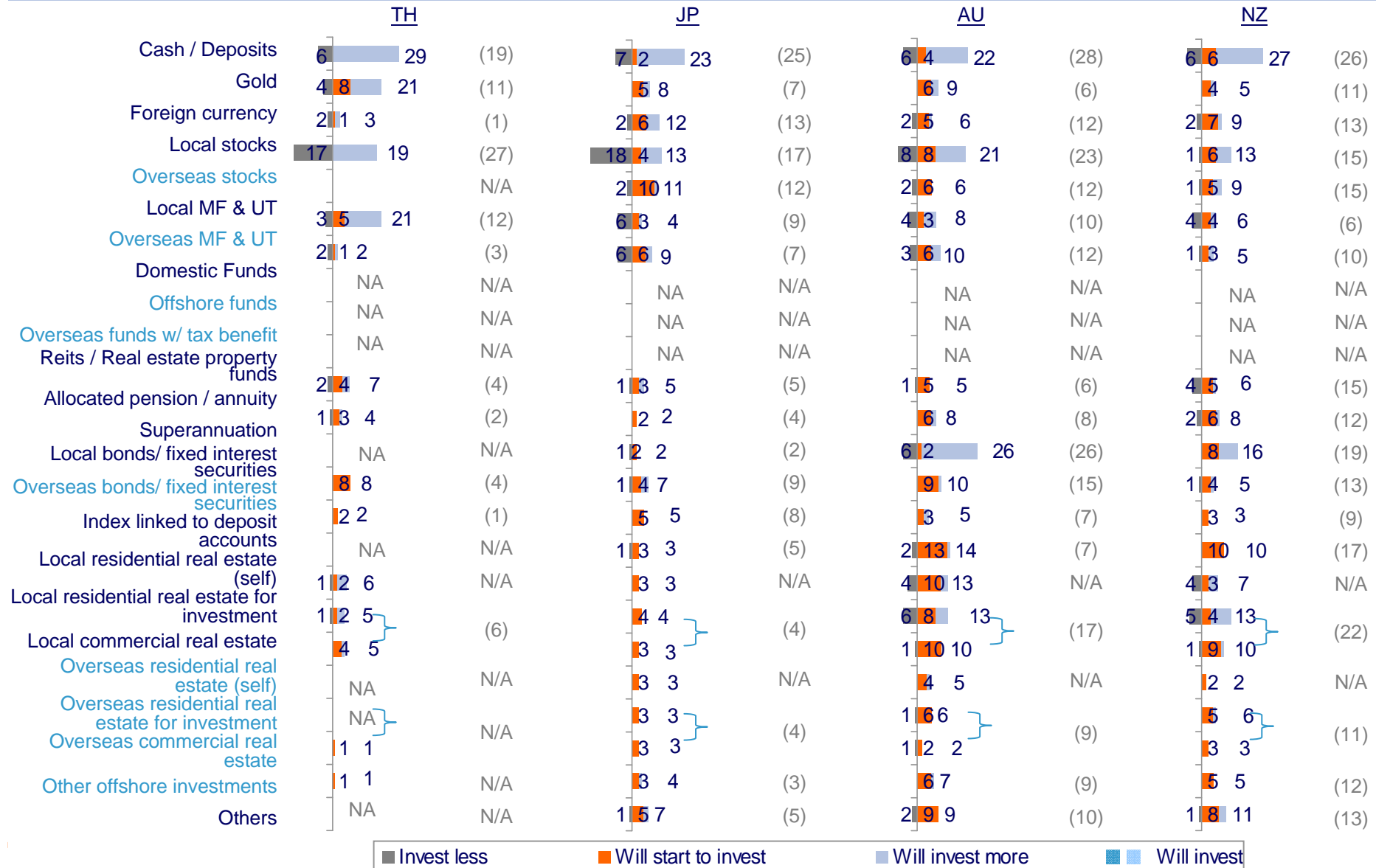
Q2 08 figures in brackets ( )

# Q4 2008 Investments



Invest less Will start to invest Will invest more Will invest

# Q4 2008 Investments

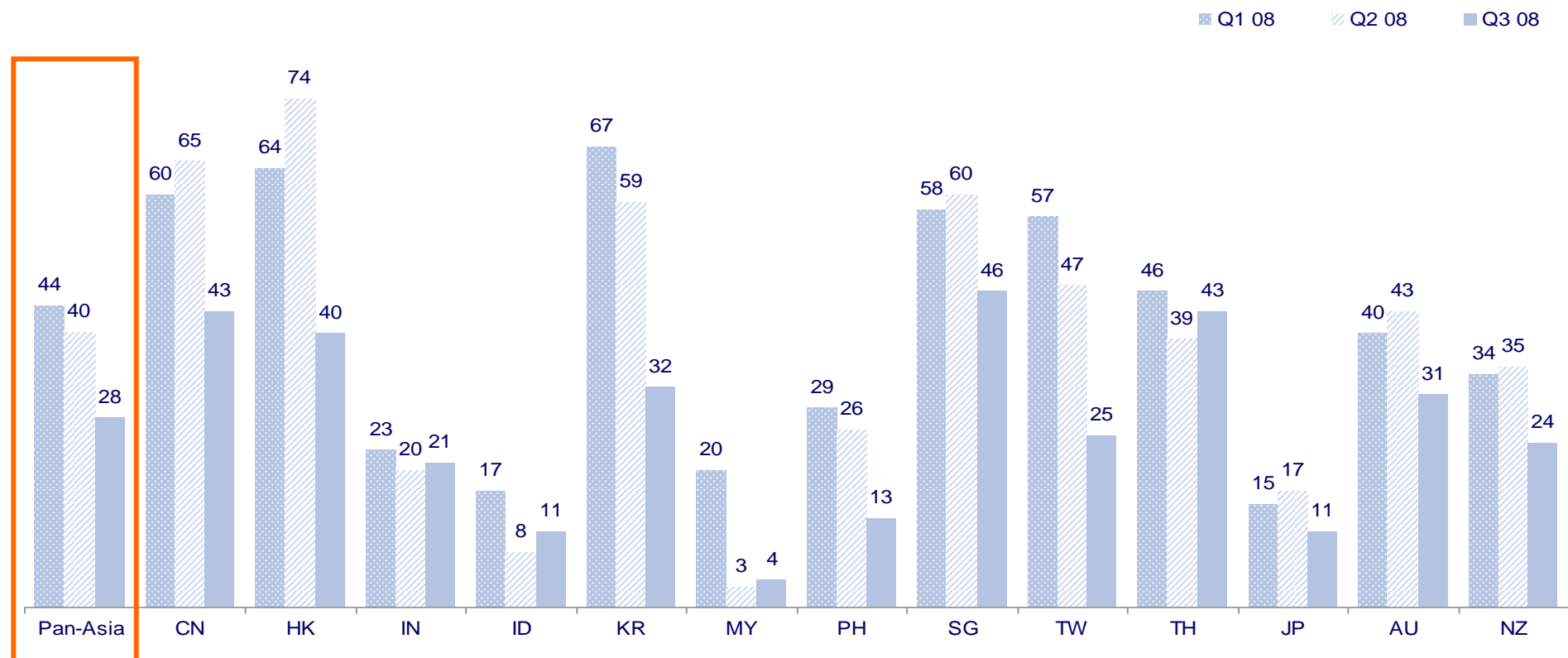


Invest less
  Will start to invest
  Will invest more
  Will invest

# Investment in Global Resources

Asian investors are moving away from investments in global resources. 28% of Asian investors (ex-Japan) intend to invest in global resources in Q4 2008 compared to 40% who intended to do so in Q3 2008.

% of respondents who will invest in global resources in Q4 08



Base: All Respondents



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# IN SUMMARY

# Conclusion

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- **US-dependent Asian Markets**

- US-dependent markets have naturally been more sensitive to developments in the US and the volatility in the global markets
- They have also generally been hurt by the performance of the global and local financial markets and investor sentiment has therefore taken a greater hit in these markets
- Even though the Asian economies remain fundamentally strong and the Asian financial sector remains sound, the financial crisis in the US and Europe will continue to have a major impact on Asian investors
- We expect investor sentiment in the US-dependent markets to further decline in the coming quarter, particularly as unemployment is expected to increase in the US and Europe, and as the credit crisis begins to unfold in Europe

# Conclusion

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- **More Optimistic Asian Markets**

- Southeast Asian markets including Indonesia, Malaysia, the Philippines and Thailand have shown an increase in investor sentiment possibly because they depend on commodities for economic growth – and commodity prices have been relatively high throughout the year and have only begun to soften recently
- These markets also have bigger domestic economies which help to shield them from a significant direct impact of the US/global economic developments. The same can also be said for markets like India
- Investors in these markets, however, are likely to begin feeling some of the global economic impact in the coming quarter. We are already witnessing this as stock markets in SEA have not been spared from the financial crisis in the US and have traded downwards significantly in the last week

# Conclusion

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- **Overall Outlook for Investors**

- Investors should not give in to panic but remember to keep their longer-term investment objectives in mind
- Investors can have confidence in the Asian financial sector
- We expect that the Asian markets in the medium to long-term will outperform that of the US and Europe
- Short to medium-term opportunities include growth sectors with sound fundamentals such as non-discretionary consumer/retail-related sectors