

## PRESS RELEASE

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### Investor confidence drops sharply across Asia Pacific in Q1 2008

*New Zealand investors look towards Australia and China for future overseas investment opportunities*

Investor confidence across Asia (ex-Japan, New Zealand and Australia) declined by 7.4% in the first quarter of 2008, according to the latest results of the ING Investor Dashboard Investor Sentiment Survey\* which were released today. In New Zealand, investor confidence fell by 23.7% during the same period.

ING's quarterly survey, which tracks investor sentiment against a range of investment behaviours across 13 Asia Pacific markets†, highlighted that the region is not insulated from global market uncertainty caused by the credit crunch, sub-prime crisis and the slowdown in the U.S. economy. The index suggests that most Asian investors have become more cautious in their investment strategies.

Overall the Asian index highlighted that investor confidence had declined by 7.4% across the region to 125 out of 200 for Q1 2008, down from 135 in Q4 2007 and from the high of 141, which was recorded in ING's first survey in Q3 2007.

#### Developed markets most impacted while China and India maintain high levels of investor optimism

The most significant declines in investor confidence were seen in more developed markets like Hong Kong, Singapore and Australia, where confidence levels fell by around a third. In New Zealand, investor confidence fell by 23.7% in the first quarter of 2008, down from 118 in Q4 2007 and 114 in Q3 2007, highlighting that Kiwi investors remain cautious when it comes to their outlook around the investment markets.

#### Quarter 1 2008 investor sentiment scores

Ranking	APAC Market	Score out of 200	% Change since December 2007
1	India	168	+0.6%
2	China	136	+3.0%
3	Thailand	131	-2.2%
4	Indonesia	131	-3.7%
5	Malaysia	128	+3.2%
6	Philippines	121	-20.9%
7	Hong Kong	107	-27.7%
8	Taiwan	105	+26.5%
9	Korea	96	-15.0%
10	New Zealand	90	-23.7%
11	Australia	89	-32.1%
12	Singapore	88	-35.3%
13	Japan	60	-15.5%

\* Following the success of the ING Investor Barometer in Europe, an authoritative market indicator followed by key players in the European financial industry, the ING Investor Dashboard is the first quarterly survey in Asia Pacific that provides a specific industry benchmark for pan-Asia (ex-Japan, New Zealand and Australia) investor sentiment. It also allows for investor attitude and outlook across 13 individual markets to be referenced against a pan-Asia sentiment index on a quarterly basis.

† The 13 markets included in the Dashboard survey are Hong Kong, China, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan, Australia and New Zealand. The pan-Asia sentiment index includes all markets except for Japan, Australia and New Zealand.

Despite the overall decline, investor sentiment in Asia (ex-Japan, New Zealand and Australia) at the index level of 125 for Q1 2008 remained within the optimistic level, which is between 120 to 160 on the index. New Zealand's score fell within the neutral range of the index, which is between 80 and 120. Fast-growing markets like China and India reflected the highest levels of investor optimism with investor sentiment index scores of 136 and 168 respectively. Investor sentiment in Taiwan also rose sharply by 26.5%, reflecting a surge in investment confidence around Taiwan's general elections in late March 2008.

According to Steven Giannoulis, General Manager of Investor Services at ING New Zealand, it is not surprising that investor sentiment has fallen over the last two quarters.

"The reality is that markets around the world are linked and the Asia Pacific region is therefore not spared the effects of the credit crunch and a slow down in the U.S. economy. What we are seeing is that investors in the more developed markets such as Singapore, Hong Kong, Australia and New Zealand are being more impacted by the volatility of the global markets due to their exposure to global equity funds. Although investors in markets like China and India appear more optimistic, it tends to be because their economies are less dependent on global market demand and they have a 'young' investor base, which tends to be more positive in its investor outlook."

### **New Zealand investors increase consideration of China and India**

The index also highlighted that New Zealand investors are also increasingly looking to diversify their investment portfolios across international markets as well as investment vehicles. The top three overseas investment markets for New Zealand investors in the last quarter were Australia (60%), the United States (49%) and the United Kingdom (26%). The greatest attitudinal increases for the next quarter were for China (8%) and India (10%).

	<b>Current markets invested in by NZ investors who have overseas investments *</b>	<b>Markets being considered to invest in over the next 3 months by NZ investors</b>
Australia	60%	53%
USA	49%	28%
United Kingdom	26%	25%
Japan	20%	8%
China	17%	25%
Singapore	11%	5%
Indonesia	11%	3%
Philippines	11%	5%
Canada	9%	15%
Germany	9%	13%
Thailand	6%	8%
India	3%	13%

\* Sample size of 35 only – investors who currently have overseas investments

Overall, investors across Asia are looking to diversify their portfolios by investing across a number of markets. According to the survey, investment in China looks set to boom over the next quarter with investors in seven out of the thirteen markets surveyed who claimed that they will invest overseas in the next three months, indicating that they are considering investing there. At the same time, investment in the U.S. looks set to decrease with a decline in the number of investors considering this market.

Looking at the changing attitudes of New Zealand investors, Steven Giannoulis added, "For New Zealand investors, the recently signed free trade agreement with China may have shined a spotlight on this market. When looking ahead over the next three months, a quarter of those New Zealand investors who are considering investing overseas, have indicated that they will consider including investments in China within their portfolios."

"Amidst fears of a U.S. recession, across the region there are fewer investors who plan to invest in the U.S. market in the near future. This seems to have led to more investors looking towards Asia to ensure that they are operating diversified portfolios in an attempt to limit their exposure to individual market fluctuations."

## **Investors adopt a 'wait and see' approach to investing**

The ING survey also indicated that Asian investors are factoring in the impact of the global economic uncertainty by taking a 'wait and see' approach and moving towards lower risk investment. Currently, 54% of respondents for Asia (excluding Japan, New Zealand and Australia) view lower risk investment as favourable compared to 47% for medium risk investments and 38% for high risk investment.

In New Zealand, the survey highlighted that:

- 47% of investors will adopt a conservative investment strategy, where a longer investment horizon and capital preservation takes priority (compared to 44% for the last two quarters)
- 42% of investors will take a more balanced investment strategy, focusing on medium to long-term growth, with a stable return (compared to 50% in Q4 2007 and 51% in Q3 2007)
- 11% of investors will follow an aggressive investment strategy, with a shorter investment horizon and a focus on income / capital appreciation (compared to 7% in Q4 2007 and 5% in Q3 2007)

"Our survey shows that most investors in Asia have been moving towards holding cash and deposits and gold during Q1 2008, while usage of other investment vehicles such as managed funds and stocks remained fairly consistent. In New Zealand, investors are focusing on cash and deposits although property remains the second most popular investment vehicle followed by superannuation funds. This suggests that investors are continuing to take a fairly conservative approach to investing," said Steven Giannoulis.

## **Asian investors forecast the worst may be over**

Looking ahead, the research showed that most Asian investors are cautiously optimistic about the longer term, even though they are less bullish than in previous quarters about the current performance of their economies and markets.

Steven Giannoulis concluded, "While it may be premature to anticipate that the worst may be over, in the longer term, despite the financial market volatility, Asia's economies are likely to remain robust. Inter-regional trade and domestic demand will help drive economic growth in Asia and we expect that markets will remain resilient. GDP growth between the range of three to nine per cent across the region for 2008.

"While there will always be volatility in the global marketplace, investors need to remember to consult with their financial advisors about the best investment strategy for their personal circumstances and to focus on a longer term investment horizon where they keep a balanced and diversified investment portfolio."

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### **Notes to Editors**

#### **About the ING Investor Dashboard**

The ING Investor Dashboard survey measures and tracks investor sentiment and behaviour of mass affluent investors each quarter from 13 Asia Pacific markets including China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan, Australia and New Zealand. Each market covered by the survey is assigned an investor sentiment score ranging from 0 (the least optimistic) to 200 (the most optimistic).

It is the first quarterly survey in Asia Pacific which provides a specific industry benchmark for pan-Asia (ex-Japan) investor sentiment. Each quarter, the pan-Asia ING Investor Dashboard sentiment index is also developed as part of the survey. The pan-Asia sentiment index is derived from the median sentiment index scores of 10 of the Asian markets including China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand (excludes Japan, Australia and New Zealand).

The ING Investor Dashboard was launched in Asia Pacific following the success of ING's Investor Barometer in Europe. The Investor Barometer is published regularly in the Netherlands and Belgium to gauge the confidence of private investors. It is considered an authoritative measure of the sentiment of private investors and is closely followed by key players in the European financial industry.

The Q3 2007 and Q4 2007 surveys were carried out in August 2007 and December 2007, respectively. The Q1 2008 survey was conducted in March 2008 and involved face-to-face or online interviews with a total of 1,308 mass affluent investors across the 13 Asia Pacific markets. The respondents are aged 30 years and above, and have disposable assets or investments of US\$100,000 and above, with the exception of 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).

### **Profile of ING**

ING is a global financial institution of Dutch origin offering banking, insurance and asset management to over 75 million private, corporate and institutional clients in more than 50 countries. With a diverse workforce of about 120,000 people, ING comprises a broad spectrum of prominent companies that increasingly serve their clients under the ING brand.

### **Profile of TNS**

TNS is the world's foremost provider of custom research and analysis, combining in-depth industry sector understanding with world-class expertise in the areas of Retail and Shopper Insights, Stakeholder Management, New Product Development and Brand and Communications. It works in partnership with its clients, meeting their needs for high-quality information, analysis and foresight across a network of over 70 countries.