Havenport Asset Management

November 2017

ASIAN EQUITIES REVIEW

For the month of November, the MSCI Asia excluding Japan index rose 0.6% in US dollar terms. Gains were led by Singapore and Hong Kong while Taiwan and Philippines lagged. The Healthcare, Financials and Consumer Staples sectors exhibited the best momentum for the month while the Industrial and Energy sectors struggled.

The US government made substantial progress towards reaching an agreement on tax reforms which could have important implications on corporate earnings, currency movements and bond yields. Beneficiaries would include financials stocks while technology stocks could see profit taking.

The Singapore market was propelled by gains in banking stocks on the back of improvements in credit costs and loans growth. Shares of Development Bank of Singapore, United Overseas Bank and Overseas Chinese Banking Corporation rose by 8.3%, 6.4% and 5.7% respectively[1].

Banking stocks in Hong Kong were similarly lifted by prospects of better margins as central banks around the world start tightening monetary policy.

Technology shares in Taiwan were hurt by profit taking and negative earnings revisions in several segments of the supply chain

The Philippines market was dragged down by shares of telecommunication service providers after the government announced plans to introduce a third player.

The momentum in Asian markets look set to take a pause as investors lock in profits after significant gains thus far this year. Technology stocks appear to be bearing the brunt of the selloff while a rotation into financial shares is keeping the indices well supported.

Source:
[1] Bloomberg, November 2017

Brandywine Global
Clarion Partners
ClearBridge Investments
EnTrustPermal
Martin Currie
QS Investors
RARE Infrastructure
Royce & Associates
Western Asset Management

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* As of 31 October 2017.

With effect from 3 April 2017, the fund names for Legg Mason Western Asset Asian Enterprise Trust and Legg Mason Western Asset Singapore Opportunities Trust have been changed to Legg Mason Asian Enterprise Trust and Legg Mason Singapore Opportunities Trust respectively. Havenport Asset Management is appointed as the sub-manager for Legg Mason Asian Enterprise Trust and Legg Mason Singapore Opportunities Trust with effect from 1 April 2011. With the appointment of Havenport as the Sub-Manager, it is expected that the same team of people (originally from LMAMS) with the same investment processes will continue to manage the portfolio of the Equity Funds.