



16 May 2011

The Investigator**Middle-Aged Spread
and Vanishing Youth****Ten Investment Implications from Asian Demographics in the coming decade:**

First, based on UN data, in the coming decade the young (aged 0-20) will contract by 34m (3%) – so firms catering to Asia's kids and teens should face challenging times. They are likely relying for growth on rising adoption rates – on junk food, video games, social networking, school and related supplies, kids' apparel, etc. Good luck.

Second, the youth population (in their 20s), having risen 54m (11%) in the past ten years, is going to be flat in the next ten. Ex-India, those youth numbers rose 18m in the past decade, but in the coming decade they will fall 21m. This is likely to lead to higher wages in the manufacturing sector. India is likely to take a lead in manufacturing, assuming improvements in infrastructure and labor reforms.

Third, there is going to be an explosion in the number of people in their 50s – peak earning power years in hierarchical Asia. This is a continuation of what happened in the past decade. Plutonomy/luxury products and luxury property are already huge beneficiaries of these high-earning empty-nesters.

Fourth, technology products/internet services/social networks, where early, saturation adopters are aged between 14 and 30, are going to face an especially challenging time in Asia. This demography rose 74m in the past decade, it is likely to shrink 16m in the coming one.

Fifth, the newly-retired age group, those in their 60s, will explode by 106m in the next decade, twice the rise of the past decade. Incomes will fall, but travel, healthcare, active lifestyles, and bond investment should do well.

Sixth, the cohort most interested in equities and financial planning – those in their 40s, is going to see a decline in growth. The Demi-Ashton ratio (40s to 20s), which soared in the past ten years, is likely to rise only gently in the next ten. Indonesia, India and the Philippines are exceptions.

Seventh, we see India as the most attractive place for entrepreneurs, offering rapid growth across most age cohorts – a conglomerate's dream. In other markets, firms need to be a lot more sensitive to some cohorts shrinking, others ballooning.

Eighth, we believe the healthcare story for Asia is overdone. The 70-plus cohort, while growing sharply, is only going to grow by 47m in the next decade. Medical spending only really rises among people in their 70s, and this cohort is just not that large incrementally.

Ninth, housing demand normally kicks off for people in their early 30s, with repeat, upgrade buying in their mid-40s, while people over 75 often bequeath or sell property to make way for smaller accommodation. While India, Indonesia, Malaysia and the Philippines are strong contenders for housing construction, China, Korea and Thailand are in the opposite camp.

Tenth, lifestyle management will likely be a growth area, given the growth and sheer incremental size of the population aged 50-plus in the next decade (250m more, compared to 185m more in the past decade). Exercise equipment, personal trainers, yoga, organic food, "wellness" programs, spas and preventive medicine are likely to be growth areas.

Potential beneficiaries of Asia's demographic changes on page 7.

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Our middle-aged spread and vanishing youth

The predictable path of demographic pigs in pythons has important clues for financial markets. We have done some work, building on original research, relating the Demi-Ashton ratio (folks in their 40s to their 20s) to long waves in equity markets (see *The Investigator*, *Ten Provocative Observations*, 17 November 2010). Also, we have written about the “youth bulge” – the ratio of young men to older men – as highly correlated with economic and political openness, political instability, and consequently, equity market performance (see *The Investigator*, *Youth Bulges and Equities*, 28 February 2011). The upshot of this work: markets with a rising Demi-Ashton ratio and a falling “youth bulge” ratio have excellent long-term prospects. Happily, most emerging markets qualify – indeed, we think these two demographic drivers are the only two reasons to be bullish on the asset class over the long run. (The usual rhetoric about higher GDP growth than the developed world has been true almost every year in living memory, is a misleading indicator, and at best is marketing obfuscation.)

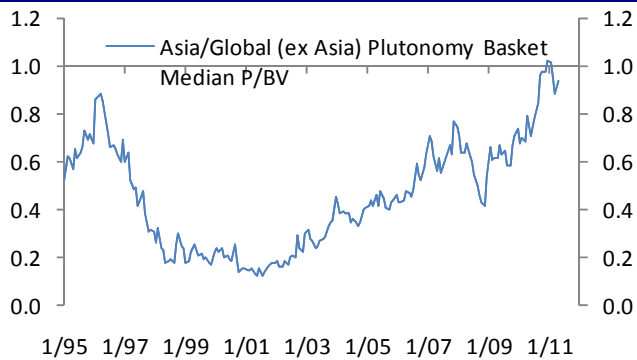
We think demographics also holds important clues for growth investors in the region – our strong conviction that Asian margins are likely to be compressed by past “over-investment”, appreciating currencies, rising wage and land costs, leaves potentially-rising asset turnover as the major driver of ROEs. Most investors come to Asia for “growth” even as value, especially value enhanced by some growth, remains a persistent winner. We think investors should pay more attention to the messages coming from the productive decisions made years ago – i.e. the impact of age cohorts coursing through these economies, and their age-related idiosyncrasies driving differential growth rates across products and services. While growth is often a combination of adoption rates and income thresholds, demographics plays an important role.

While it is well known that Asia is aging (ex-India and the Philippines), we think there are a number of less well-appreciated investment implications that are worth considering.

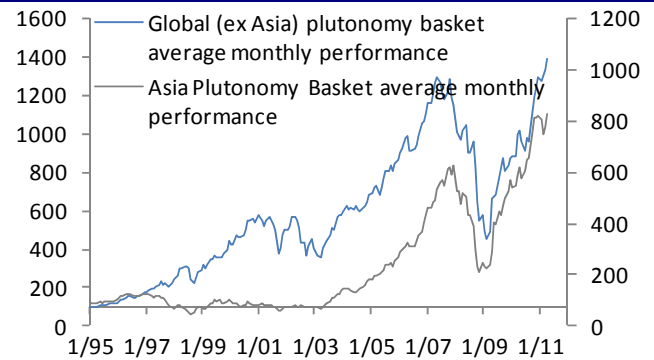
First, in the coming decade, UN statistics indicate the young (0-20 years) will contract by 34m (3%) – so firms catering to Asia’s kids and teens are likely face challenging times. They are likely relying for growth on rising adoption rates – on junk food, video games, social networking, schools and related supplies, kids’ apparel, etc. Good luck. On the other hand, securing college admission should be easier, reducing the enormous pressure on the region’s over-stressed kids.

Second, the youth population (in their 20s), having risen 54m (11%) in the past ten years, is going to be flat in the next ten. Ex-India, these youth numbers rose 18m in the past decade, in the coming decade they will likely fall 21m. This is likely to lead to higher wages in the manufacturing sector. India is likely to take a lead in manufacturing, assuming improvements in infrastructure and labor reforms. For new entrants, finding a job will be a lot easier. This demographic spends a lot of time and money on attracting the opposite sex, preening, marriage, motorcycles, starter cars, home rentals, tech gizmos, fashion apparel, and finding a first job – these areas are going to be challenging for firms.

Third, there is going to be an explosion in the number of people in their 50s – peak earning power years in hierarchical Asia. This is a continuation of what happened in the past decade. Plutonomy/luxury products and luxury property are already huge beneficiaries of these high-earning empty-nesters. They are likely to continue to prosper. The region’s income inequality only reinforces this theme. This idea is better played by buying the global plutonomy brands, rather than the Asian brands, given the valuation differentials (see Figures 1 and 2). See Appendix A for stock names.

Figure 1: Asia's plutonomy (luxury) brands are expensive versus better-known global luxury brands

Source: Deutsche Bank, Factset. The stocks in Asia and Global Plutonomy basket are mentioned in Appendix A.

Figure 2: The plutonomists are doing great, thank you

Source: Deutsche Bank, Factset. The stocks in Asia and Global Plutonomy basket are mentioned in Appendix A.

Fourth, technology products/internet services/social networks, where early, saturation adopters are aged between 14 and 30, are going to face an especially challenging time in Asia. This demographic rose 74m in the past decade and should shrink 16m in the coming one. Meanwhile, older folks – 50 years and up – rose 185m in the past decade, they are likely to increase 250m in the next decade. However, this is not a heavy technology/internet service-using demographic.

Fifth, the newly-retired age group, those in their 60s, will explode by 106m in the next decade, twice the rise of this cohort in the past decade. While their incomes take a fall, travel, healthcare, active lifestyles, and bond investment should do well.

Sixth, the cohort most interested in equities and financial planning – those in their 40s – is going to see a decline in growth. The Demi-Ashton ratio (40s to 20s), which shot up in the past ten years, is likely to rise only gently in the next ten. Indonesia, India and the Philippines are exceptions.

Seventh, we believe India is the most attractive place for entrepreneurs, offering rapid growth across most age cohorts – a conglomerate's dream. In other markets, firms need to be a lot more sensitive to some cohorts shrinking, others ballooning. Not in India: just showing up for work should be a competitive advantage.

Eighth, we think the healthcare story for Asia is overdone. The 70-plus cohort, while growing sharply, is only going to see 47m more people in the next decade, about the same as the last decade. Medical spending only really rises among people in their 70s, and this cohort is just not that large incrementally.

Ninth, housing demand normally kicks off for people in their early 30s, with repeat, upgrade buying in their mid-forties, while people over 75 often bequeath or sell property to make way for smaller accommodation. While India, Indonesia, Malaysia and the Philippines are strong contenders for housing construction (property developers, cement, construction materials), China, Korea and Thailand are in the opposite camp. Obviously, a number of other factors – urbanization, interest rates, bubbles, credit availability enter the picture for property demand – we are focused on the demographic angle in isolation.

Tenth, lifestyle management will likely be a growth area, given the growth and sheer incremental size of those aged 50-plus in the next decade (250m more, compared to 185m more in the past decade). Exercise equipment, personal trainers, yoga, organic food, "wellness" programs, spas and preventive medicine are all likely to be growth areas. See Appendix B for country cohort details.

Digging into the data – Japanese motorcycles, Facebook, rent, healthcare

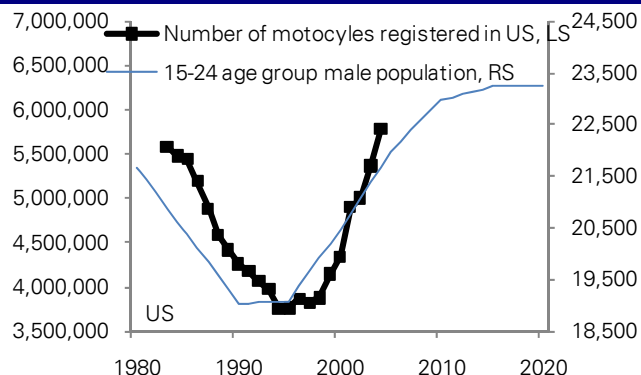
There is some evidence from the US that equity markets discount demographic developments five years ahead, but do not account for any changes, however forecast-able they are, beyond that (*Attention, Demographics, and the Stock Market*, Joshua Matthew Pollet and Stefano DellaVigna, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=735484). We have used UN data projections for various Asian countries over the next decade to make the above observations. Clearly, we understand that other factors apart from demographics drive spending decisions – income thresholds, credit availability, wage growth, etc. We have focused on a common-sense approach for what we think different age cohorts spend on. For example, a well-cited story relates how Japanese motorcycle manufacturers were surprised by the drop-off in motorcycle sales in the mid to late 1980s (see “*How Generation X Drove Motorcycle Sales off the Cliff*” in “*The Age Curve – How to profit from the coming demographic storm*”, Kenneth W. Gronbach, 2008, Amacom). Initially, the problem was thought to be a design issue, then pricing was considered a culprit. Despite a price cut from USD5,999 to USD3,999 for the Honda Nighthawk 750, with heavy advertising, demand kept flagging. MBA geniuses and management were apparently stumped. As Figure 3 shows, it was simply that the number of 15-24 year old men – the key demographic for Japanese motorbikes – was declining. While girlfriends apparently tolerated motorcycles, once they became wives, the tolerance levels dropped, given safety concerns. As this cohort began to rise again in the next decade, motorcycle sales promptly rose again. The forecast calls for stability from here on.

Figure 4 shows that for the US, peak earnings accrue to households aged 45-54. For Asia, given the link between age, seniority and peak income, we assume that the 50-60 age group has peak earnings. We don't know for sure, but we think it is a safe assumption. Another non-controversial example is healthcare. Using data from the US Consumer Expenditure Survey (CES), Figure 5 shows that healthcare expenditure as a proportion of expenditure rises with age – no prizes for guessing that one. Similarly, Figure 6 shows that social networking membership is the province of the young (we are Facebook fans, but then we like Britney Spears too, perhaps not age-appropriate). Again, Figure 7 shows that young entrants to the workforce spend a good chunk of their income on rent, as they save up for the down-payment for their own house. Figure 8 shows that the average age of the first-time home buyer is 31, and for repeat buyers is 46. We think these common-sense relationships between age cohorts and spending behavior also approximately apply to Asia. Figures 9 and Figure 10 show the ownership of equities in the US, by age group. Young people have little money, and a low allocation to stocks. As middle age – the 40s – strikes and surplus funds combine with worries about impending retirement, the allocation to equities rises. Stock allocations stay high into the 60s, when the proportion falls in favor of income-producing bonds.

Figure 11 summarizes the absolute (and percentage) change in various age cohorts across the region. It also highlights the products and services that these age cohorts are likely to spend disproportionately on. Our 10 investment implications are drawn from this data.

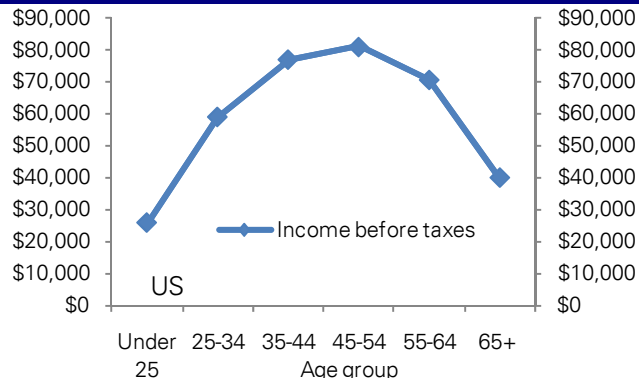
Figure 12 shows some of the potential longer-term stock beneficiaries for various markets, based purely on the demographic projections in these countries, and our assumptions of which sectors might benefit.

Figure 3: Young men ride motor-bikes, A 'Duh!' observation that escaped motorbike firms in the late 1980s



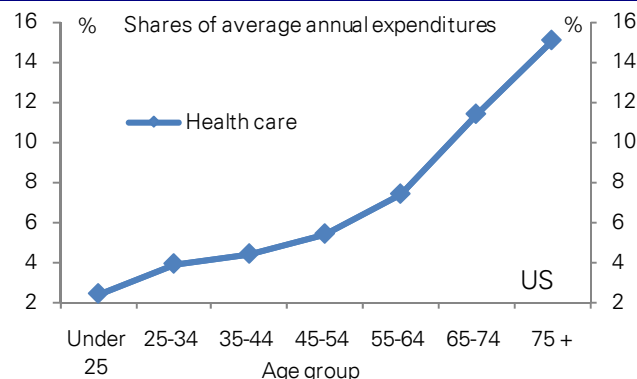
Source: Deutsche Bank, <http://www-nrd.nhtsa.dot.gov/Pubs/810620.PDF>, <http://www.nhtsa.gov/people/injury/pedbiomoti/motorcycle/flamcreport/pages/nationaltrends.htm>

Figure 4: Peak earning years – the 50s



Source: Deutsche Bank, Consumer Expenditure Survey 2009

Figure 5: Healthcare spending share really takes off after 70



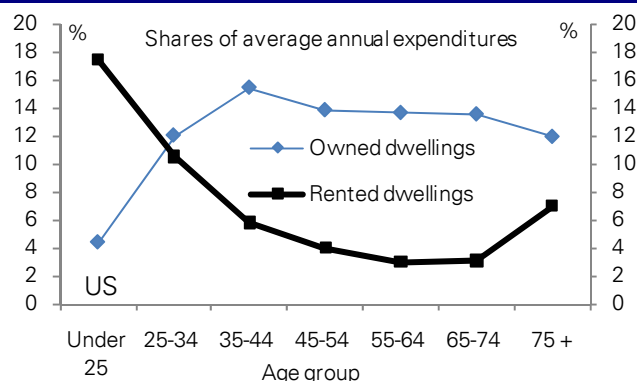
Source: Deutsche Bank, Consumer Expenditure Survey 2009

Figure 6: Facebook – more for the young than the old. Note the 141% user rate for 18-25 year olds!

	# of Facebook		
	users in US	Population	% penetration
13-17	14,402,580	21879.4	66%
18-25	50,679,700	35825.6	141%
26-34	29,703,340	38654.6	77%
35-44	23,596,860	42477	56%
45-54	17,425,520	45449	38%
55-64	10,459,580	36405	29%

Source: Deutsche Bank, <http://www.kenburban.com/2011/03/facebook-demographics-revisited-2011-statistics>. The penetration in 18-25 age group is higher than 100% as many users don't put their actual age.

Figure 7: The young rent, then get a mortgage



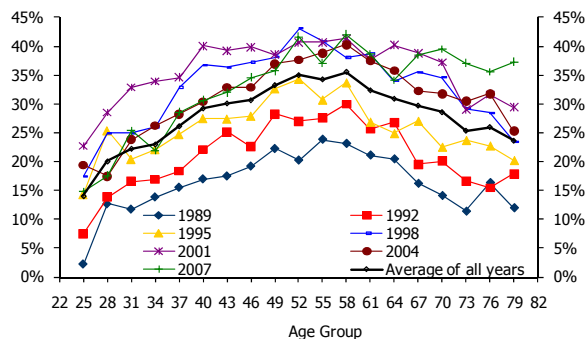
Source: Deutsche Bank, Consumer Expenditure Survey 2009

Figure 8: Median age of home buyers (US)

Year	All buyers	First-time buyers	Repeat buyers
2001	36	31	41
2003	40	32	46
2004	39	32	45
2005	40	32	46
2006	41	32	47
2007	39	31	46
2008	39	30	47
2009	39	30	48
2010	39	30	49

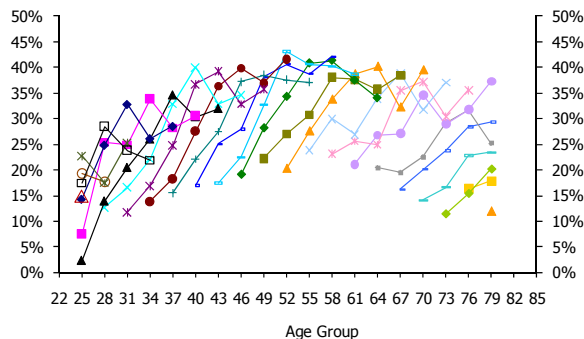
Source: Deutsche Bank, National Association of Realtors

Figure 9: Equity share in financial assets for different age groups, 1989-2007



Source: Deutsche Bank, Survey of Consumer Finances
 Note Each data point represents the equity share in financial assets averaged over all households in 3-year age groups (e.g. 31 represents households headed by someone aged 30, 31 and 32) for each survey year (1989, 1992, 1995, 1998, 2001, 2004 and 2007).

Figure 10: Cohort effect on the equity shares in financial assets for different age groups



Source: Deutsche Bank, Survey of Consumer Finances
 Note: Data points for the same birth cohort (i.e. age group 25 in 1989, age group 28 in 1992, age group 31 in 1995, age group 34 in 1998, age group 37 in 2001, age group 40 in 2004, and age group 43 in 2007) are connected together. Each data point represents the equity share in financial assets averaged over all households in 3-year age groups (e.g. 31 represents households headed by someone aged 30, 31 and 32) for each survey year (1989, 1992, 1995, 1998, 2001, 2004 and 2007).

Figure 11: Asia's contracting youth; explosion in 49-59 and 60-70 year old groups

Changes in population in various cohorts, number in bracket are 10 year growth rate. ('000)

2000-2010	0-14 yrs	14-20 yrs	20-29 yrs	29-39 yrs	39-49 yrs	49-59 yrs	60-70 yrs	70+ yrs
China	-56,411 (-17.3%)	4,000 (3.9%)	8,777 (4.1%)	-16,740 (-7.4%)	56,249 (34%)	51,348 (48.4%)	19,361 (25.9%)	20,610 (39.8%)
India	8,890 (2.4%)	15,060 (14.2%)	35,935 (19.9%)	32,201 (22.7%)	24,518 (22.1%)	33,405 (48.9%)	21,864 (31.3%)	10,730 (42.4%)
Indonesia	-239 (-0.4%)	-686 (-3.2%)	5,109 (9.2%)	7,400 (27.6%)	8,413 (48.8%)	3,115 (25%)	4,127 (41.2%)	2,956 (52.4%)
Korea	-1,817 (-18.8%)	-301 (-8%)	-1,213 (-15.1%)	-565 (-6.7%)	1,348 (19.4%)	2,276 (52.3%)	2,342 (44.8%)	1,534 (75.8%)
Malaysia	324 (4.2%)	302 (12.8%)	1,274 (22.1%)	503 (15.8%)	1,019 (48.8%)	766 (65.6%)	453 (50.3%)	284 (53.1%)
Thailand	-1,045 (-6.7%)	1 (0%)	320 (2%)	436 (4.2%)	2,786 (39.9%)	2,001 (46.7%)	1,295 (32.7%)	1,055 (45.7%)
Philippines	1,996 (6.8%)	1,495 (18.1%)	4,637 (24.3%)	2,371 (27%)	2,400 (40.7%)	1,728 (48.1%)	1,300 (47.7%)	793 (51%)
Hong Kong	-307 (-27.3%)	11 (2.4%)	-115 (-7.3%)	-192 (-14.2%)	428 (46.3%)	400 (60.5%)	176 (24%)	191 (38.9%)
Singapore	-122 (-13.9%)	121 (48%)	-19 (-2.1%)	-37 (-4.6%)	318 (54%)	354 (119.2%)	207 (71.9%)	145 (80.6%)
Taiwan	-1,057 (-22.5%)	-262 (-14%)	-142 (-2.5%)	-130 (-3.4%)	951 (34.8%)	1,018 (64.4%)	571 (29.8%)	490 (39%)
Asia	-49,788 (-6.1%)	19,741 (7.8%)	54,563 (10.8%)	25,247 (5.8%)	98,430 (30.8%)	96,411 (47.6%)	51,696 (30.4%)	38,788 (42.6%)
Asia ex India	-58,678 (-12.8%)	4,681 (3.2%)	18,628 (5.7%)	-6,954 (-2.4%)	73,912 (35.4%)	63,006 (46.9%)	29,832 (29.7%)	28,058 (42.6%)

2010-2020	0-14 yrs	14-20 yrs	20-29 yrs	29-39 yrs	39-49 yrs	49-59 yrs	60-70 yrs	70+ yrs
China	-1,143 (-0.4%)	-19,573 (-18.4%)	-24,442 (-11%)	9,447 (4.5%)	-15,652 (-7.1%)	55,461 (35.2%)	47,156 (50.1%)	25,754 (35.6%)
India	-9,727 (-2.6%)	2,455 (2%)	24,162 (11.2%)	36,394 (20.9%)	32,300 (23.8%)	24,295 (23.9%)	42,880 (46.8%)	13,303 (36.9%)
Indonesia	-3,848 (-6.2%)	396 (1.9%)	-269 (-0.4%)	4,862 (14.2%)	7,512 (29.3%)	8,087 (51.9%)	4,960 (35.1%)	2,906 (33.8%)
Korea	-1,267 (-16.1%)	-1,028 (-29.7%)	-263 (-3.8%)	-1,054 (-13.4%)	-547 (-6.6%)	1,431 (21.6%)	3,702 (48.9%)	1,520 (42.7%)
Malaysia	-15 (-0.2%)	72 (2.7%)	858 (12.2%)	782 (21.2%)	505 (16.3%)	976 (50.5%)	926 (68.4%)	500 (61.1%)
Thailand	-307 (-2.1%)	-511 (-9.6%)	-689 (-4.3%)	-609 (-5.6%)	497 (5.1%)	2,581 (41.1%)	2,343 (44.6%)	1,061 (31.5%)
Philippines	1,497 (4.8%)	467 (4.8%)	4,092 (17.2%)	3,071 (27.5%)	2,434 (29.3%)	2,323 (43.7%)	2,182 (54.2%)	1,222 (52.1%)
Hong Kong	73 (8.9%)	-210 (-45.2%)	25 (1.7%)	-16 (-1.4%)	-154 (-11.4%)	439 (48.9%)	475 (52.2%)	218 (32%)
Singapore	-124 (-16.5%)	-118 (-31.6%)	168 (18.8%)	-153 (-20%)	-107 (-11.8%)	276 (42.4%)	439 (88.7%)	248 (76.3%)
Taiwan	-904 (-24.9%)	-453 (-28.2%)	-734 (-13.3%)	267 (7.3%)	-136 (-3.7%)	905 (34.8%)	1,326 (53.4%)	624 (35.7%)
Asia	-15,765 (-2%)	-18,503 (-6.8%)	2,908 (0.5%)	52,991 (11.6%)	26,652 (6.4%)	96,774 (32.4%)	106,389 (47.9%)	47,356 (36.5%)
Asia ex India	-6,038 (-1.5%)	-20,958 (-14%)	-21,254 (-6.2%)	16,597 (5.9%)	-5,648 (-2%)	72,479 (36.7%)	63,509 (48.8%)	34,053 (36.3%)

Products and Services used by different cohorts	0-14 yrs	14-20 yrs	20-29 yrs	29-39 yrs	39-49 yrs	49-59 yrs	60-70 yrs	70+ yrs
Confectionery	Stationery	Matchmaking services	Cars	Alcoholic beverages/wine	Healthcare/diagnostics	Healthcare/diagnostics	Healthcare/diagnostics	Healthcare/diagnostics
Toys	School books	Job portals	Alcoholic beverages	Luxury products	Hospitals	Hospitals	Hospitals	Hospitals
Baby food products	Schools/Colleges	Social networking websites	Buying a house/property	Tourism/Cruises/Hotels	Generic drugs	Generic drugs	Generic drugs	Generic drugs
Baby care products	Tech gizmos	Motor bikes	Household furnishings	Equities	Medical equipment	Medical equipment	Medical equipment	Medical equipment
Kids apparel	Gaming products	Jewellery/Gold	Major household appliances	Financial planning services	Traditional medicines	Traditional medicines	Traditional medicines	Traditional medicines
Playgroups & Schools	Light 2-wheelers/Motor bikes	Cars	Miscellaneous housewares	Restaurants/eating out	Equities	Bonds	Bonds	Bonds
Bicycles	Educational institutes	Alcoholic beverages	Tourism	Healthcare/diagnostics	Financial planning services	Eating at home	Eating at home	Eating at home
Amusement parks	Mobile phones	House on rent	Luxury products	Cosmetics procedures	Insurance and pensions			
School books	Internet	Online Shopping	Personal insurance and pensions	Sports/golf	Tourism/Cruises/Hotels			
Stationery	Alcoholic beverages	Restaurants/eating out	Restaurants/eating out	Organic food	Luxury products			
Gaming products	Nonalcoholic beverages	Major household appliances			Spending on pets			
Animation movies	Tobacco	Fashion apparel and accessories						
Internet	Amusement parks							
	Social networking websites							
	Trendy apparel							
	Sports equipment							
	Computers/Laptops							
	Gaming products							
	Amusement parks							
	Environmental friendly services							

Source: Deutsche Bank, UN Population Database for all countries except Taiwan; for Taiwan data is from Council For Economic Planning and Development. Asia includes the 10 countries mentioned above.

Figure 12: Potential beneficiaries of Asia's demographic changes in the next decade

Age group	0-14 yrs	14-20 yrs	20-29 yrs	29-39 yrs	39-49 yrs	49-59 yrs	60-70 yrs
China				Industrial Bank, China Merchants Bank, Geely Auto		AIA, Ping An, China Life	China Medical Technologies, China Shineway Pharma Group, Shandong Weigao Group Medical Polymer, Sihuan Pharma Holdings Group, Trauson Holdings Co, Microport Scientific Corp, Chindex International
India				ICICI Bank Bank Tabungan Negara, Ciputra Surya, Summarecon, Agung Podomoro	Reliance capital, HDFC Ltd, ICICI Bank, SBI Bank, Cox & Kings, Mahindra Holidays, East India Hotels, Indian Hotels, Thomas Cook India, Jet Airways		Fortis Healthcare, Apollo Hospitals, Opto Circuits, Sun Pharma, Cipla
Indonesia							Kalbe Farma Tbk
Korea					Korean Air Lines, Asiana Air Lines, Hana Tour, Modetour Network	Samsung Life, Korea Life, Samsung F&M Insurance	Hanmi Pharm and Yuhan Corp
Malaysia					Maybank, CIMB Group, Public Bank Bhd, RHBC, LPI Capital Bhd, OSK Holdings Bhd, Genting Bhd, Genting Malaysia Bhd, AirAsia, Malaysia Airports Holdings Bhd, Malaysia Airline System Bhd, Shangri-La Hotels (Malaysia) Bhd, SP Setia		Top Glove
Thailand							
Philippines		iPeople, Centro Escolar University, Far Eastern University, Universal Robina, Ginebra San Miguel, Tanduay, Jollibee		Bank of Philippine Islands, Bridgepoint Education Inc, Banco de Ore Unibank Inc, National Reinsurance Corp, Citisec Online	Bank of Philippine Islands, Banco de Ore Unibank Inc, Ayala Land, Robinsons Land Corp		Metro Pacific
Hong Kong			SM Development, Megaworld				
Singapore					CDL Hospitality REIT, Overseas Union Enterprise, Pan Pacific Hotels, The Hour Glass, Cortina Holdings Ltd, FJ Benjamin		Raffles Medical, Eu Yan Sang
Taiwan				Sinopac Financial Holdings			

Source: Deutsche Bank

Appendix A

Figure 13: Global (ex Asia) Plutonomy basket

Ticker	Company	Industry	Price			U\$m Mcap	U\$m Avg			P/B
			11May11	YTD Perf	1m Perf		T/O	Trailing P/E		
1 BMWV GR	BAYERISCHE MOTOREN WERKE AG	Automobile Manufacturers	63.17	7.3%	10.6%	56,068	248.3	17.6	1.8	
2 BEN FP	BENETEAU	Leisure Products	14.62	-7.6%	-4.1%	1,692	1.2	43.3	2.9	
3 BUL IM	BULGARI SPA	Apparel, Accessories & Luxury	12.28	51.9%	0.2%	5,240	60.2	na	2.7	
4 BRBY LN	BURBERRY GROUP PLC	Apparel, Accessories & Luxury	13.65	21.4%	17.8%	9,509	26.4	47.2	8.7	
5 CDI FP	CHRISTIAN DIOR	Apparel, Accessories & Luxury	112.15	4.9%	13.5%	28,045	23.6	15.2	2.7	
6 CFR VX	CIE FINANCIERE RICHEMON-BR A	Apparel, Accessories & Luxury	56.55	2.8%	7.1%	35,890	104.9	25.5	3.4	
7 COH US	COACH INC	Apparel, Accessories & Luxury	59.78	8.1%	17.4%	17,552	168.2	20.2	9.6	
8 GAM SW	GAM HOLDING AG	Asset Management & Custody Bk	17.7	14.6%	2.0%	4,030	11.7	nm	1.4	
9 RMS FP	HERMES INTERNATIONAL	Apparel, Accessories & Luxury	167.05	6.6%	10.5%	24,531	20.0	43.8	8.3	
10 KUNN SW	KUONI REISEN HLDG-REG(CAT B)	Hotels, Resorts & Cruise Lines	381	-9.2%	1.6%	1,399	4.6	nm	2.5	
11 LUX IM	LUXOTTICA GROUP SPA	Apparel, Accessories & Luxury	23.07	1.2%	4.5%	14,944	26.6	26.3	3.3	
12 MC FP	LVMH MOET HENNESSY LOUIS VUI	Apparel, Accessories & Luxury	123.05	0.0%	10.7%	83,273	169.3	18.8	3.7	
13 NTRS US	NORTHERN TRUST CORP	Asset Management & Custody Bk	48.43	-12.6%	-7.5%	11,711	73.5	19.3	1.8	
14 OEH US	ORIENT EXPRESS HOTELS LTD -A	Hotels, Resorts & Cruise Lines	11.99	-7.7%	3.4%	1,445	8.2	na	1.2	
15 RI FP	PERNOD-RICARD SA	Distillers & Vintners	69.49	-1.2%	6.8%	25,524	74.0	19.5	2.0	
16 RL US	POLO RALPH LAUREN CORP	Apparel, Accessories & Luxury	131.87	18.9%	5.9%	12,684	90.3	20.4	3.4	
17 PAH3 GR	PORSCHE AUTOMOBIL HLDG-PFD	Automobile Manufacturers	49.29	-3.3%	12.0%	20,679	109.0	2.0	0.8	
18 PP FP	PPR	Department Stores	123.45	3.7%	9.7%	21,743	62.2	34.7	1.4	
19 RCO FP	REMY COINTREAU	Distillers & Vintners	56.06	5.9%	2.9%	3,848	5.2	40.5	2.4	
20 SKS US	SAKS INC	Department Stores	11.56	8.0%	-0.9%	1,891	38.4	nm	1.7	
21 BID US	SOTHEBY'S	Specialized Consumer Services	41.98	-6.7%	-15.7%	2,836	58.0	21.2	4.5	
22 TIF US	TIFFANY & CO	Specialty Stores	68.25	9.6%	10.0%	8,701	119.0	24.2	3.9	
23 TOD IM	TOD'S SPA	Footwear	95	28.6%	8.8%	4,157	16.6	24.6	3.6	
24 TOL US	TOLL BROTHERS INC	Homebuilding	20.2	6.3%	-1.0%	3,370	55.0	na	1.3	
25 VONN SW	VONTOBEL HOLDING AG-REG	Asset Management & Custody Bk	33.05	-7.2%	-9.2%	2,415	1.5	15.7	1.7	
26 WYNN US	WYNN RESORTS LTD	Casinos & Gaming	148.63	43.1%	12.6%	18,543	271.4	92.9	4.8	
Basket Median				5.4%	6.3%	10,610	56.5	22.7	2.7	

Source: Deutsche Bank, Bloomberg Finance LP

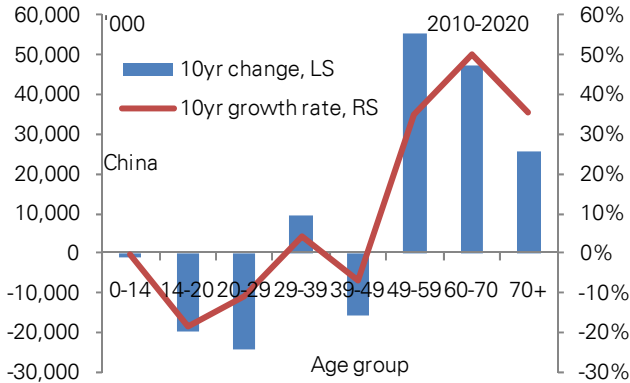
Figure 14: Asia Plutonomy basket

Ticker	Company	Industry	Price			U\$m Mcap	U\$m Avg			P/B
			11May11	YTD Perf	1m Perf		T/O	Trailing P/E		
1 BTH SP	Banyan Tree Holdings Ltd.	Hotels, Resorts & Cruise Lines	0.9	-24.4%	-4.8%	559.7	0.2	34.1	1.4	
2 1114 HK	Brilliance China Automotive Holdings	Automobile Manufacturers	7.72	30.2%	-1.3%	4,863	11.3	24.9	5.0	
3 116 HK	Chow Sang Sang Holdings	Specialty Stores	21.5	13.2%	10.4%	1,872.2	4.4	18.6	2.6	
4 113 HK	Dickson Concepts (International) Ltd.	Apparel Retail	6.08	-3.3%	-1.6%	292	0.2	8.0	1.1	
5 EIH IN	EIH Ltd.	Hotels, Resorts & Cruise Lines	84.85	-16.4%	-3.5%	1,062.0	0.8	55.9	2.7	
6 887 HK	Emperor Watch & Jewellery Ltd.	Apparel Retail	1.21	8.0%	10.0%	1,063	4.7	51.3	3.1	
7 FJB SP	FJ Benjamin	Apparel Retail	0.37	-12.9%	-2.6%	166.8	0.2	15.3	1.6	
8 GENT MK	Genting Bhd	Casinos & Gaming	11.36	1.6%	2.3%	13,803	16.8	18.8	2.7	
9 3389 HK	Hengdeli Holdings Ltd.	Specialty Stores	4.51	-2.6%	-5.8%	2,500.5	6.7	27.8	3.8	
10 45 HK	Hong Kong & Shanghai Hotels Ltd.	Hotels, Resorts & Cruise Lines	13.32	0.0%	-2.2%	2,494	0.9	6.4	0.7	
11 LELA IN	Hotel Leelaventure Ltd.	Hotels, Resorts & Cruise Lines	41.6	-12.1%	1.6%	354.9	0.6	37.9	0.8	
12 IH IN	Indian Hotels Co. Ltd.	Hotels, Resorts & Cruise Lines	82.85	-14.2%	-5.9%	1,376	1.8	na	2.3	
13 683 HK	Kerry Properties Ltd.	Diversified Real Estate Activi	39.6	-2.2%	-1.7%	7,286.4	14.2	9.0	1.0	
14 973 HK	L'Occitane International S.A.	Specialty Stores	19.38	-9.9%	3.5%	3,675	6.2	27.5	14.3	
15 960 HK	Longfor Properties Co. Ltd.	Real Estate Development	12.54	15.9%	-3.5%	8,209.7	8.1	12.9	3.3	
16 MAND SP	Mandarin Oriental International Ltd.	Hotels, Resorts & Cruise Lines	2.18	5.3%	4.3%	2,212	0.4	49.6	2.5	
17 OBER IN	Oberoi Realty Ltd.	Real Estate Development	234.6	-8.5%	-7.7%	1,649.7	0.3	13.4	2.2	
18 589 HK	Ports Design Ltd.	Apparel, Accessories & Luxury	21.5	0.2%	0.5%	1,532	4.4	20.9	6.0	
19 1928 HK	Sands China Ltd.	Casinos & Gaming	22.5	31.7%	18.9%	22,517.8	24.6	33.8	5.2	
20 SCGD SP	SC Global Developments Ltd.	Real Estate Development	1.34	-19.3%	-5.0%	443	0.2	2.7	0.9	
21 69 HK	Shangri-La Asia Ltd.	Hotels, Resorts & Cruise Lines	21.1	0.7%	2.2%	8,376.0	9.1	27.0	1.7	
22 008770 KS	Shilla Hotel	Hotels, Resorts & Cruise Lines	27100	-2.3%	13.9%	976	11.9	21.4	1.8	
23 83 HK	Sino Land Co. Ltd.	Real Estate Development	13.56	-6.7%	-4.8%	9,082.6	16.6	8.1	0.9	
24 880 HK	SJM Holdings Ltd.	Casinos & Gaming	16.94	37.3%	10.1%	11,925	32.0	24.3	7.0	
25 970 HK	Sparkle Roll Group Ltd.	Distributors	1.42	-1.4%	4.4%	559.0	1.8	34.7	4.0	
26 16 HK	Sun Hung Kai Properties Ltd.	Diversified Real Estate Activi	120.8	-6.4%	-5.4%	39,838	84.4	8.9	1.1	
27 TTAN IN	Titan Industries Ltd.	Apparel, Accessories & Luxury	3944.45	9.5%	3.8%	3,885.4	34.4	40.3	23.8	
28 WP SP	Wheelock Properties (Singapore) Ltd.	Real Estate Development	1.77	-9.2%	-5.3%	1,702	0.3	6.7	0.7	
29 WINGT SP	Wing Tai Holdings Ltd.	Real Estate Development	1.58	-6.5%	-1.3%	988.7	1.1	5.7	0.7	
30 1128 HK	Wynn Macau Ltd.	Casinos & Gaming	26.4	51.7%	8.2%	17,183	20.8	30.3	31.1	
31 YLLG SP	Yanlord Land Group Ltd.	Real Estate Development	1.39	-17.3%	-11.5%	2,173.0	3.7	6.6	1.1	
32 881 HK	Zhongsheng Group Holdings Ltd.	Automotive Retail	13.88	-17.9%	2.4%	3,462	6.5	21.0	3.8	
Basket Median				-2.5%	-1.3%	2,193	4.6	21.0	2.4	

Source: Deutsche Bank, Bloomberg Finance LP

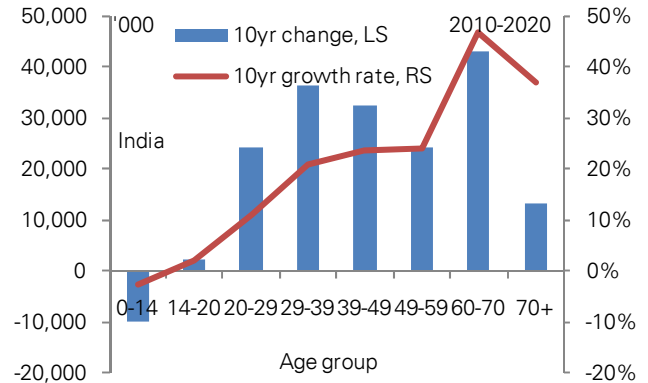
Appendix B

Figure 15: China



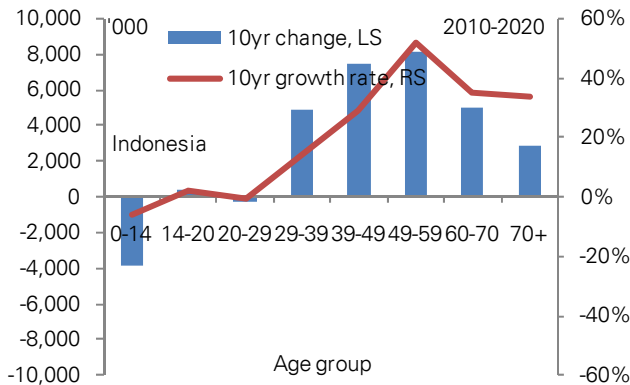
Source: Deutsche Bank, UN Population Database

Figure 16: India



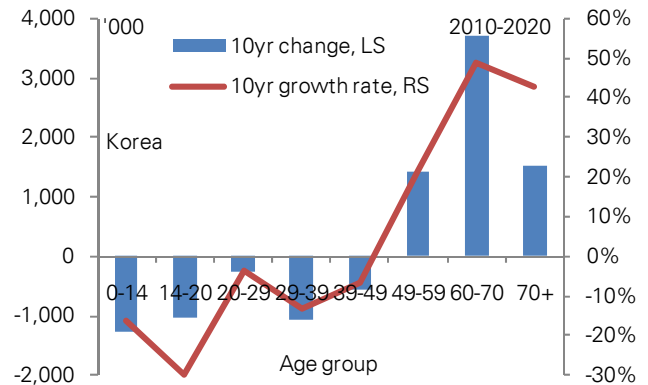
Source: Deutsche Bank, UN Population Database

Figure 17: Indonesia



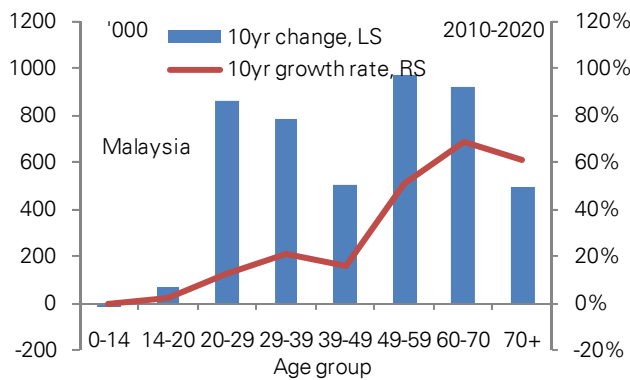
Source: Deutsche Bank, UN Population Database

Figure 18: Korea



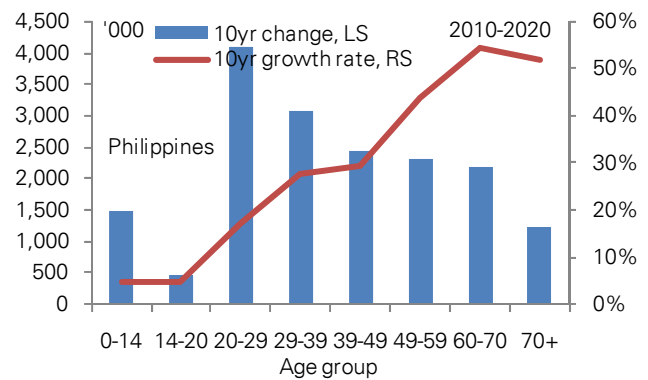
Source: Deutsche Bank, UN Population Database

Figure 19: Malaysia



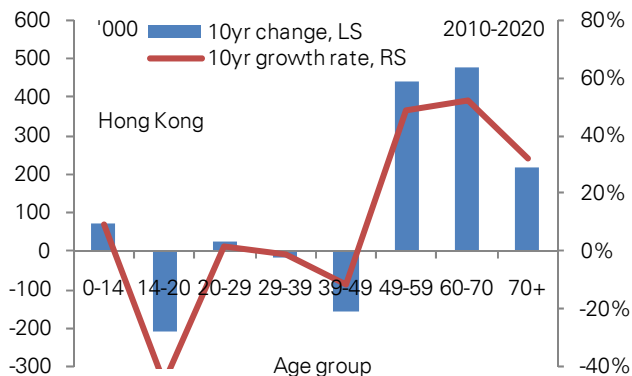
Source: Deutsche Bank, UN Population Database

Figure 20: Philippines



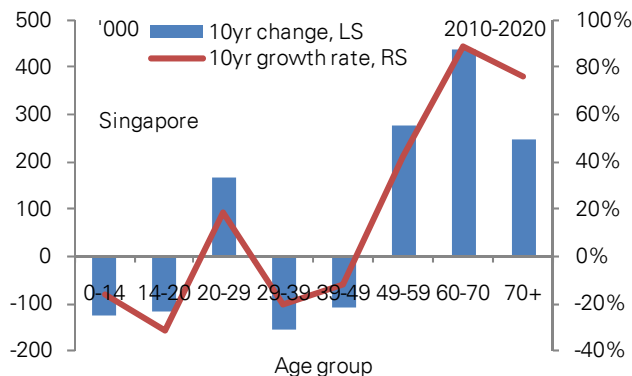
Source: Deutsche Bank, UN Population Database

Figure 21: Hong Kong



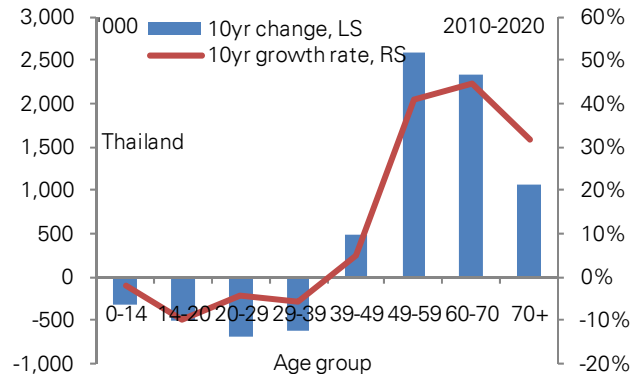
Source: Deutsche Bank, UN Population Database

Figure 22: Singapore



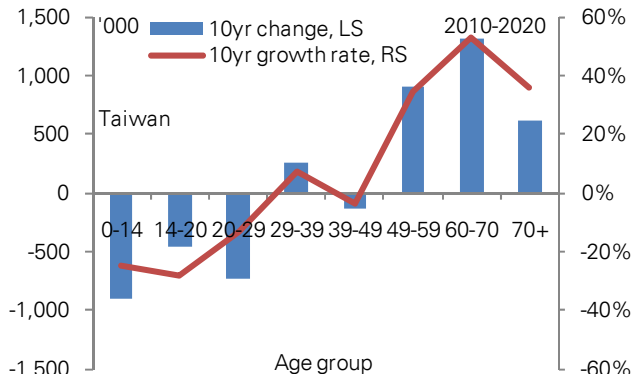
Source: Deutsche Bank, UN Population Database

Figure 23: Thailand



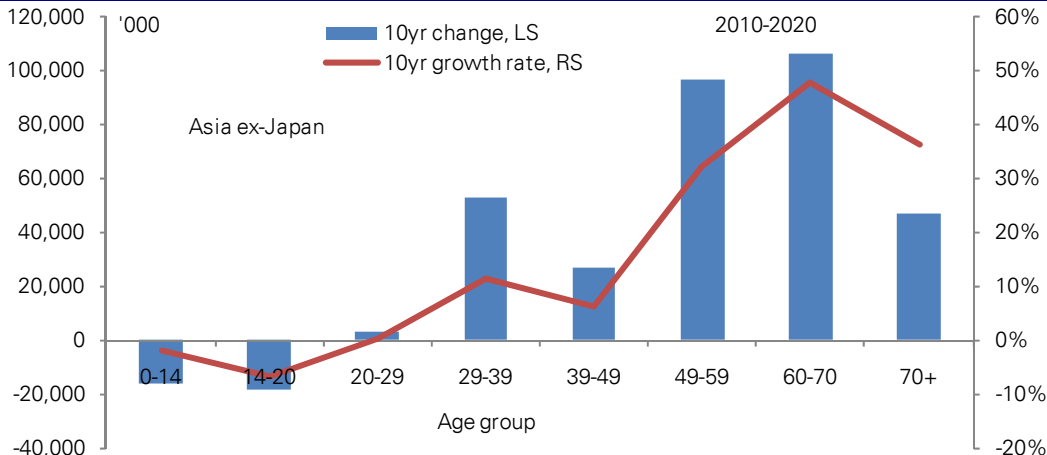
Source: Deutsche Bank, UN Population Database

Figure 24: Taiwan



Source: Deutsche Bank, UN Population Database

Figure 25: Asia ex-Japan



Source: Deutsche Bank, UN Population Database

Appendix 1

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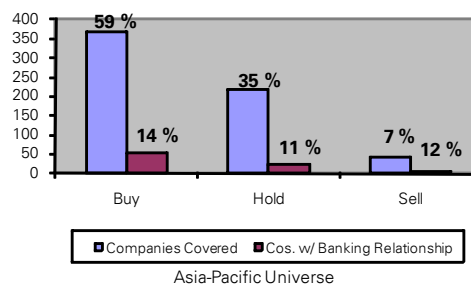
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