

# Global Macro Strategy

## It's 'Leave' – what it means for APAC

### Global Macro Strategy

#### Global

#### How does the UK vote to leave the EU affect our view on Asia?

First, we expect US rates to be lower for longer in 2H16. Our US economist believes that the Fed will now be on hold until December with gradual US rate hikes thereafter. This makes it more likely that our projected rate cuts in 2H16 for Korea, India, Indonesia, Malaysia and Thailand will materialize. However, it probably doesn't warrant additional cuts in Asia in isolation. For Hong Kong and Singapore rates will likely rise a bit less in 2H16 than we thought. In China, we see the PBC as likely to cut RRR, as a gesture to ease domestic liquidity and part of a coordinated global monetary easing, and faster CNY depreciation against the USD. This still leaves Asian exchange rates with a bias for depreciating against the US dollar, in our view. The outlier here is probably the yen. Our FX strategists suggest USDJPY could trade stronger driven by risk aversion and lower yields. In their estimates, a range of 94-102 would reflect the relevant risks, although a sharp move below 100 could invite a policy response.

#### Our "less negative" thesis for USD exports may disappoint

Our colleague Reinhard Cluse thinks EU GDP might be 10-50bps weaker in the short term depending on how amicable the separation is with the UK. Even 50bps off of projected EU GDP growth is unlikely to be a game changer for the volume of Asian exports and the feed-through to Asian economies. This is even more so for China. Still, there is some potential for a gap to open up between the volume of exports to the EU and nominal US dollar exports if the Euro weakens against the US dollar. As we saw last year, sharp weakness in the Euro translated into roughly -6% nominal USD exports to Europe for Asia, despite volumes to Europe being closer to +15%/y in 2015.

#### At what point is the growth and policy response priced in to equities?

Using sensitivities to what our macro strategy team think global assets do in the short term (the midpoint of their ranges: S&P at 1955, US Treasury yields 1.3%, EUR/USD 1.08, USD/JPY 98), we think MSCI Asia ex Japan could trade to around 455, and Topix to 1100. At that level, Japanese equities would be at valuations in line with most of the macro shock troughs over the last six years – even in the pre-Abenomics era. However, MSCI Asia ex Japan would need to get closer to 430 to reach such valuation troughs.

#### Country performance – growth and policy key, but north Asia likely to suffer

North Asia's cyclical markets (Japan, Korea, Taiwan) are more vulnerable than the rest of the region to concerns around how much EU growth will slow. For Japan, delays to US rate hikes are also a challenge through the currency, exacerbated by uncertainty over how the BoJ/MoF react to any yen strength. ASEAN and Hong Kong equities will probably continue to derive relief from less likelihood of Fed hikes. We see limited impact on both Chinese and Australian equities (both more tied to China's credit cycle, in our view). Of course, if the CNY weakens materially on the back of liquidity easing, this could cause other market jitters and underperformance. On page 7 we show stocks with material revenue exposure to Europe and the UK.

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## What the UK vote means for APAC's economies and policy

Here's what we thought before the UK referendum result: first, the US would hike 50bps in 2H16, dollar-based Asian exports would get less negative toward year-end, and most Asian economies across the region would generally lean against the US Fed resulting in weaker Asian exchange rates. With that as the backdrop we argued that the lagged effect of Asia's large private-sector debt expansion would cause regional top-line growth to drift lower. In the aftermath of the UK's vote to leave the EU, we believe some variant of this same story will largely play out as envisioned, with small differences in most variables we forecast for Asia, unless the EU falls into recession or there is a prolonged risk-off scenario that creates havoc with Asian exchange rates. However, the most likely scenario according to UBS is Europe slows modestly and the Euro weakens a bit against the US dollar, albeit with a heightened sense of uncertainty over the next few months that may affect global monetary policy.

**Asian forecasts more likely to be tweaked than overhauled**

### Focus on monetary and trade linkages

How does the UK vote to leave the EU affect our view on Asia? First, US rates are expected to be lower for longer in 2H16. Our US economist believes that the FED will now be on hold until December, whereas previously UBS expected the FED to hike in September. Thereafter UBS expects gradual US rate hikes as before. This makes it more likely that our projected rate cuts in 2H16 for Korea, India, Indonesia, Malaysia and Thailand will materialize. However, it probably doesn't warrant adding additional cuts in Asia in isolation. For Hong Kong and Singapore it means that rates should rise a bit less in 2H16 than we thought, but ultimately the story remains the same there. In China, although the economic impact through trade and financial linkages will likely be very limited, we think the PBC will likely join other major global central banks' easing and cut banks' reserve requirement ratio soon. The RRR cut would not be a meaningful change in policy stance but could help keep liquidity conditions accommodative.

Overall, this leaves Asian exchange rates with a bias for depreciating against the US dollar, in our view, as we have witnessed in recent years even without US rate hikes. The big outlier here is probably the yen. Our FX strategists suggest USDJPY could trade in a range of 94-102. Below 100 we believe the probability of policy intervention or some form of easing would increase sharply. The stronger USD will put more depreciation pressure on the CNY – we see USDCNY moving more quickly towards 6.7-6.8. However, beyond that, and especially if uncertainty and pressure remain high, we expect the Chinese government to try to defend relative USDCNY stability. Second, the "less negative" trajectory for USD exports we expected may be marginally disappointing. Our colleague Reinhard Cluse thinks EU GDP might be 10-50bps weaker in the short term depending on how amicable the separation is with the UK. Even 50bps off of projected EU GDP growth is unlikely to be a game changer for the volume of Asian exports and the feed-through to Asian economies. The same is true for China. Still, there is some potential for a gap to open up between the volume of exports to the EU and nominal US dollar exports if the Euro weakens against the US dollar. As we saw last year, sharp weakness in the Euro translated into roughly -6% nominal USD exports to Europe for Asia, despite volumes to Europe being closer to +15%/y in 2015.

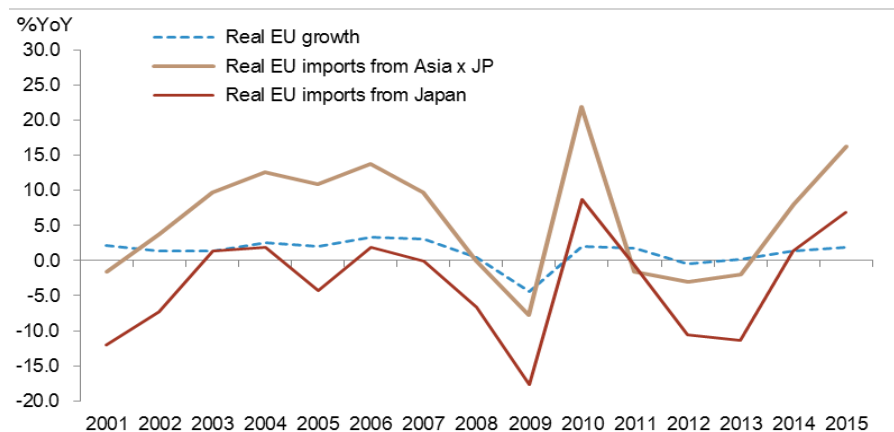
**Figure 1: APAC exposure to EU exports**

	Total exports		Dependence on EU	
	Gross exports % of GDP	Value added % of GDP	Value added % of exports	Value added % of GDP
<b>Non-Japan Asia</b>	<b>33.2</b>	<b>18.4</b>	<b>14.3</b>	<b>2.6</b>
Singapore	178.5	51.6	11.1	5.7
Malaysia	68.1	41.8	10.5	4.4
Thailand	69.0	40.3	10.5	4.2
Indonesia	21.1	17.3	10.7	1.9
Philippines	28.2	21.4	12.6	2.7
Hong Kong	201.7	35.9	10.8	3.9
China	22.6	14.5	15.8	2.3
Taiwan	64.5	34.2	9.6	3.3
South Korea	46.2	24.7	10.6	2.6
India	20.3	15.7	21.0	3.3
<b>Japan</b>	<b>17.9</b>	<b>14.8</b>	<b>10.3</b>	<b>1.5</b>
<b>Australia</b>	<b>18.6</b>	<b>16.0</b>	<b>5.9</b>	<b>0.9</b>

Source: OECD-World Bank TiVA database, CEIC and UBS calculations

On a value-added basis, exports to the EU only account for 2.6% of non-Japan Asian GDP. However, it's more meaningful if one is investing in Asian exporters per se.

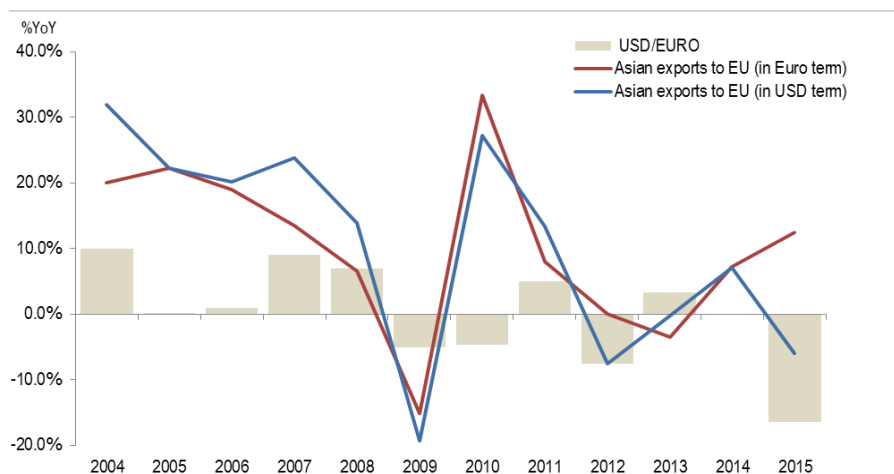
**Figure 2: Real EU GDP vs real Asian exports to Europe**



Source: CEIC, UBS estimates

A 50bp reduction in the outlook for EU growth implies non-Japan Asian GDP would lose 10bps and the volume of real exports would be 40bps lower as a first-round effect.

**Figure 3: Impact of USD/EUR on USD Asian exports to EU**



Source: CEIC, UBS estimate

The EUR is important for the outlook for USD Asian exports to Europe. A weaker EUR as a result of the UK vote to leave would generate downward pressure on Asian exports in US dollar terms even if volumes hold up. That was part of the problem last year and this could matter to the extent that investors care about US dollar profits.

## What does it mean for APAC equities?

Already, risk is being re-priced as Asian markets have digested the results. How far does this go? We've calibrated this for Asia ex Japan and Japan, by looking at (1) market betas to projected ranges for various assets conducted by our global macro strategists published on Tuesday. We've also looked at (2) the movement Asia ex Japan and Japan to the shifts in the UK odds of leaving, as available on Bloomberg.

Both approaches have drawbacks, notably limited data points. And with the odds tracker we have had to assume a linear relationship between the odds of Remain/Leave and correlation with equities in APAC. In reality this relationship is highly likely to have been non-linear<sup>1</sup>.

Figure 4 shows the implied outcomes for Asia ex Japan, and Japan (in local currency). The odds trackers give more extreme outcomes in both, for the reasons set out above. The betas of Asia and Japan to our global macro strategy exercise give less downside. For Asia ex Japan, the betas suggest that MSCI Asia ex Japan should trough around 455, though the odds tracker has it at 421, while for Japan, our betas suggest Topix falling to 1092, with the odds tracker much lower.

**Figure 4: Model implied outcomes for MSCI Asia ex Japan**

(1) Model input	Current	LEAVE scenario	Model output for MSCI Asia ex Japan	
FTSE 100	6227	5288	458	-8%
S&P 500	2089	1955	444	-11%
EUR/GBP	0.77	0.88	437	-13%
MSCI EM	825	765	470	-6%
German Bunds %	0.06	-0.18	467	-6%
US Treasuries %	1.67	1.30	454	-9%
Average:			455	-9%
(2) Beta expected returns to 'Remain' odds	76%	0%	421	-16%

Source: Thomson Datastream, Bloomberg, UBS estimates

**...and the TOPIX**

(1) Model input	Current	LEAVE scenario	Model output for TOPIX	
FTSE 100	6227	5288	1117	-14%
S&P 500	2089	1955	1035	-20%
EUR/GBP	0.77	0.88	1081	-16%
USD/JPY	104.5	98.0	1098	-15%
German Bunds %	0.06	-0.18	1138	-12%
US Treasuries %	1.67	1.30	1081	-16%
Average:			1092	-16%
(2) Beta expected returns to 'Remain' odds	76%	0%	970	-25%

### Cross-checking this: where would this leave valuations?

Figure 5 shows Asia valuation troughs after large corrections in the last five years. For Asia ex Japan, our base case, 'beta' scenario would leave equity valuations broadly in line with trough levels of the last five years. Our 'odds'-based approach would, on most measures, leave Asia ex Japan at the low end of valuation troughs.

For Japan, given that a 16% fall in local currency terms to 1100 on the TOPIX would leave valuations close to lows in the pre-Abenomics era, we would see this as a trough level. However, much depends on any move in monetary policy from the BoJ or intervention from the MOF to stem the yen's likely rise.

<sup>1</sup> i.e. a 1 point move in the odds from 75 to 74 is not as likely to move markets as a 1 point move from 55 to 54.

**Figure 5: Previous Asia ex Japan market corrections and valuations at trough**

	MSCI Asia ex Japan	Fwd P/E	Tr P/E	P/BV	Div Yld	Peak-Trough fall
MSCI Asia ex Japan (current)	499	12.2	13.1	1.36	2.8%	
Oct-11 US debt downgrade by S&P / double-dip fears	416	9.0	10.1	1.42	3.7%	-30%
Jun-12 Eurozone periphery concerns	451	9.7	11.2	1.40	3.3%	-16%
Jun-13 Fed Taper Tantrums	481	9.9	11.4	1.43	3.1%	-15%
Oct-14 Economic slowdown + Ebola + Geopolitical tensions	544	11.1	12.4	1.43	3.0%	-10%
Aug-15 Greece Referendum + A-share correction	468	10.2	11.1	1.24	3.4%	-27%
Jan-16 RMB fears	435	10.5	11.1	1.23	3.3%	-18%
<b>Average of previous sell-offs</b>	<b>466</b>	<b>10.1</b>	<b>11.2</b>	<b>1.36</b>	<b>3.3%</b>	<b>-20%</b>
<b>MSCI AxJ downside in "Leave" scenario #1</b>	<b>455</b>	<b>11.2</b>	<b>11.9</b>	<b>1.24</b>	<b>3.1%</b>	<b>-12%</b>
<b>MSCI AxJ downside in "Leave" scenario #2</b>	<b>421</b>	<b>10.3</b>	<b>11.0</b>	<b>1.15</b>	<b>3.4%</b>	<b>-18%</b>

Source: IBES, Thomson Datastream, UBS APAC Equity Strategy

If Asia ex Japan equities fell to 455 or Topix to 1100, we believe these would represent realistic trough levels, though valuations would suggest 421 on MSCI Asia ex Japan, a harder valuation floor.

**Figure 6: Previous Japan market corrections and TOPIX valuations at trough**

	TOPIX	Fwd P/E	Tr P/E	P/BV	Div Yld	Peak-Trough fall
TOPIX (current)	1294	12.7	14.6	1.12	2.4%	
Oct-11 US debt downgrade by S&P / double-dip fears	706	11.1	13.5	0.85	2.8%	-19%
Jun-12 Eurozone periphery concerns	696	10.4	16.4	0.85	3.0%	-20%
Jun-13 Fed Taper Tantrums	1044	12.9	18.2	1.16	2.1%	-18%
Oct-14 Economic slowdown + Ebola + Geopolitical tensions	1177	12.4	13.7	1.14	2.2%	-13%
Aug-15 Greece Referendum + A-share correction	1376	12.5	14.3	1.18	2.3%	-19%
Jan-16 RMB fears	1196	11.0	12.4	1.00	2.7%	-26%
<b>Average of previous sell-offs</b>		<b>11.7</b>	<b>14.7</b>	<b>1.03</b>	<b>2.5%</b>	<b>-19%</b>
<b>TOPIX downside in "Leave" scenario #1</b>	<b>1092</b>	<b>10.8</b>	<b>12.3</b>	<b>0.95</b>	<b>2.9%</b>	<b>-22%</b>
<b>TOPIX downside in "Leave" scenario #2</b>	<b>970</b>	<b>9.6</b>	<b>11.0</b>	<b>0.84</b>	<b>3.2%</b>	<b>-31%</b>

Source: IBES, Thomson Datastream, UBS APAC Equity Strategy

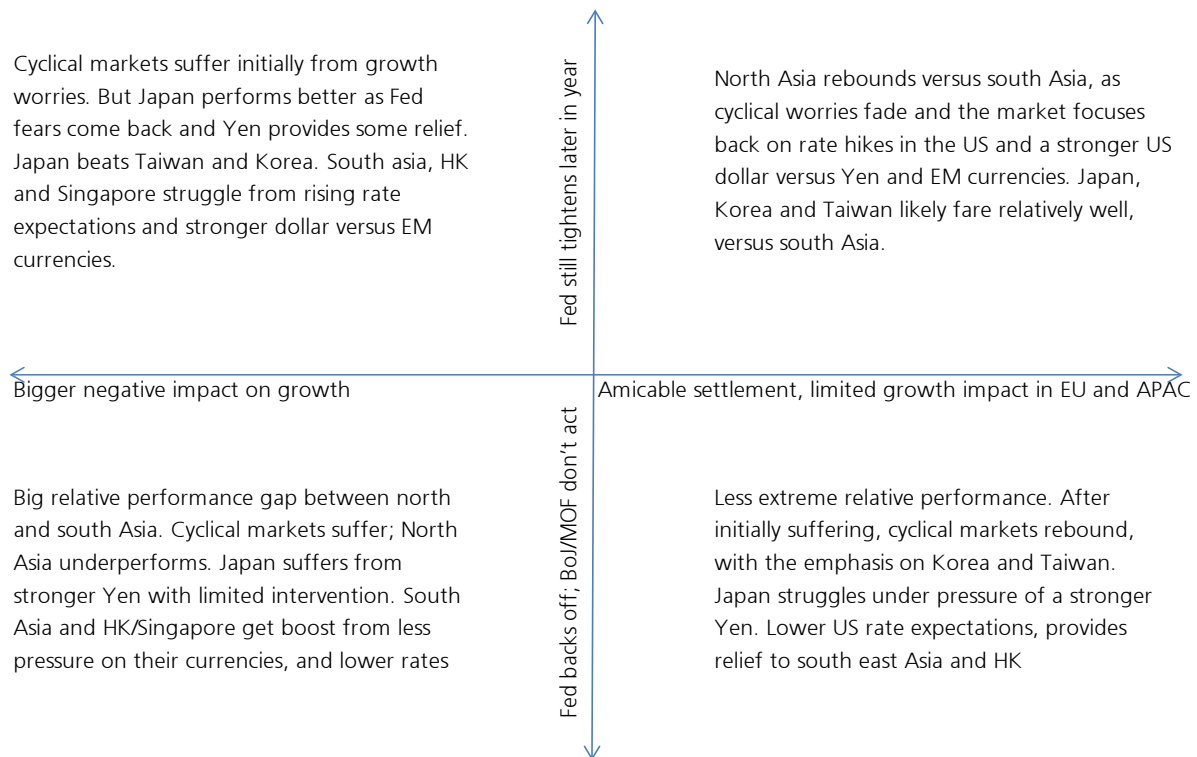
## What about country relative performance?

Though we don't know the likely growth shock (if any) at this stage, the direction of forecasts at the margin is likely to be down. The second-round effect of policy responses from either the Fed and (in APAC) the BoJ also matter here and probably follow the question of growth.

In a weaker growth scenario, with no Fed tightening this year, the north Asian cyclical markets are likely to suffer. Simultaneously, south-east Asia, more vulnerable to US dollar strength and US interest rates, gets a further reprieve, like it experienced in Q1. In this scenario, a key swing factor is likely to be the BoJ/MoF and their willingness to act/intervene to stem any further yen strength.

A less extreme outcome is a period of weakness, with an amicable settlement in a reasonably short time frame. After the initial fall, we think the markets are likely to focus on a gradual improvement in global activity, some tightening in the US (one not two hikes) and a stronger US dollar versus EM currencies (and yen). After a correction this would likely favour north Asia over south Asia.

**Figure 7: Axis of uncertainty – impact on growth vs. policy response**



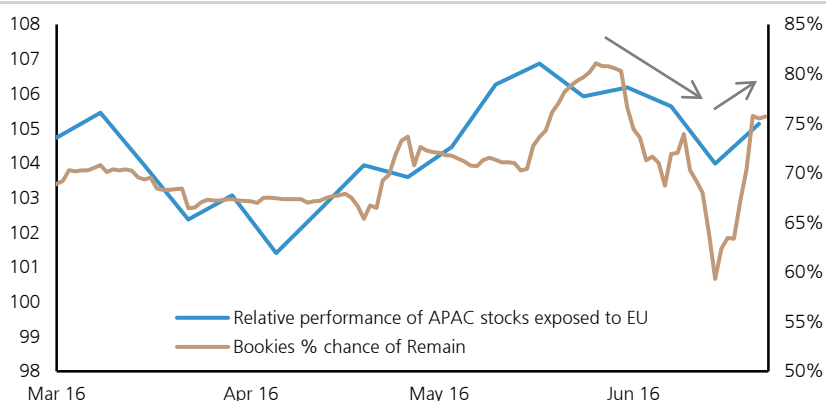
Source: UBS

Under either scenario, we see China as being less impacted than the rest of the region as in turn would Australian equities, though any strength in the US dollar may impact returns for off-shore investors. The key to relative performance is likely to be the magnitude of the growth slippage and policy response. These remain the critical uncertainties to be clarified in the coming days that will likely drive relative country performance.

## Stocks exposed to the EU and the UK

Finally, APAC's Europe-exposed stocks have been volatile in line with the opinion polls, as Figure 8 shows. These stocks are likely to continue to be under pressure.

**Figure 8: European-exposed stocks' relative performance vs. oddschecker probability of 'Remain'**



Source: Bloomberg, UBS

We outline the stocks in APAC most exposed by revenues in the table below.

**Figure 9: Asia-Pacific stocks with material European exposure**

Company Name	RIC	Ctry	Sector	% of revenues		Mkt Cap (USD bn)	Price	Upside to PT	UBS rating	P/E	P/Book	1m % performance (local FX)
				Europe (incl UK)	Of which UK (where disclosed)							
Esprit	0330.HK	HK	Cons Disc	84%	1%	1.5	5.97	129%	Buy	n/a	1.26	-3.7
Samsung Heavy Ind.	010140.KS	KR	Industrials	57%		1.9	9410	-22%	Sell	28.3	0.85	7.7
Sembcorp Marine	SCMN.SI	SG	Industrials	56%		2.5	1.575	-31%	Sell	n/a	2.22	0.0
JDI	6740.T	JP	Industrials	53%		1.0	168	43%	Neutral	15.3	0.68	-16.0
HHI	009540.KS	KR	Industrials	53%		7.3	110000	5%	Neutral	17.9	0.61	7.3
CK Hutchison	0001.HK	HK	Industrials	53%	35%	45.2	90.75	32%	Buy	10.9	1.23	2.9
Daewoo Shipbuilding	042660.KS	KR	Industrials	51%		1.0	4215	-17%	Sell	n/a	4.53	-6.5
Power Assets	0006.HK	HK	Utilities	50%	48%	20.1	73.15	1%	Neutral	22.2	1.28	-4.3
Goodman Group	GMG.AX	AU	Financials	47%	12%	9.6	7.28	-5%	Neutral	17.6	n/a	2.5
Makita	6586.T	JP	Industrials	47%		8.8	6760	14%	Buy	20.3	1.82	-5.2
Amcor	AMC.AX	AU	Materials	46%		12.9	14.58	14%	Neutral	18.5	10.21	-9.9
Ramsay Health Care	RHC.AX	AU	Health Care	43%	10%	10.7	70.99	-8%	Neutral	28.3	6.57	-0.2
Cochlear	COH.AX	AU	Health Care	40%		5.2	121.02	-29%	Sell	36.3	12.43	2.7
Brambles	BXB.AX	AU	Industrials	38%		15.1	12.71	1%	Neutral	20.5	4.61	-0.2
Shimano	7309.T	JP	Cons Disc	38%		14.1	15830	n/a	Not Rated	n/a	n/a	-3.5
Westfield	WFD.AX	AU	Financials	36%	36%	16.9	10.82	2%	Neutral	23.2	n/a	4.7
IOI Corporation	IOIB.KL	MY	Cons Stpls	33%		6.9	4.35	n/a	Not Rated	n/a	n/a	2.6
Hanon Systems	018880.KS	KR	Cons Disc	32%		5.3	11300	-2%	Neutral	19.1	2.53	-1.3
Sonic Healthcare	SHL.AX	AU	Health Care	31%		6.5	21.11	11%	Neutral	19.1	2.30	-2.5
Konica Minolta	4902.T	JP	Tech	31%		4.0	832	n/a	Not Rated	n/a	n/a	-9.5
Evergreen Marine	2603.TW	TW	Industrials	31%		1.4	12.35	-7%	Neutral	-6.3	1.11	10.3
Thai Union Frozen Prod	TU.BK	TH	Cons Stpls	30%		3.0	22.1	0%	Neutral	17.4	2.05	0.9
Canon	7751.T	JP	Tech	30%		39.6	3099	n/a	Not Rated	n/a	n/a	-0.5
ScanoPharm	1789.TW	TW	Health Care	30%		1.0	43.65	n/a	Not Rated	n/a	n/a	-0.2
Indorama Ventures	IVL.BK	TH	Materials	30%		3.9	32	n/a	Not Rated	n/a	n/a	8.5
Transcend Information	2451.TW	TW	Tech	29%		1.3	96.9	n/a	Not Rated	n/a	n/a	5.9
Tech Mahindra	TEML.BO	IN	Tech	29%		7.6	532.2	-11%	Neutral	15.4	4.50	11.7
Wipro	WIPR.BO	IN	Tech	29%		20.4	562.85	-8%	Sell	14.6	3.14	4.2
HCL Technologies	HCLT.BO	IN	Tech	29%		16.1	770	10%	Neutral	14.3	4.79	5.0
Hyundai Glovis	086280.KS	KR	Industrials	29%		5.7	174000	44%	Buy	11.6	2.60	-4.1
CKI	1038.HK	HK	Utilities	28%	28%	23.8	73.5	-12%	Sell	19.4	1.60	1.7
QBE	QBE.AX	AU	Financials	28%		12.1	11.72	11%	Buy	13.3	1.39	-1.0
Giant Manufacturing	9921.TW	TW	Cons Disc	28%		2.4	205	8%	Neutral	19.5	4.66	11.1
Nintendo	7974.T	JP	Tech	28%		17.1	14875	1%	Sell	86.1	1.95	-8.0
Sysmex	6869.T	JP	Health Care	27%		14.4	7210	n/a	Not Rated	n/a	n/a	-6.4
ASICS	7936.T	JP	Cons Disc	27%		3.6	1871	n/a	Not Rated	n/a	n/a	-24.5
CSCL	2866.HK	CN	Industrials	27%		5.6	1.55	n/a	Restricted	n/a	n/a	-3.1
TCS	TCS.BO	IN	Tech	27%	16%	77.5	2665.5	-4%	Neutral	20.1	7.18	7.0
China COSCO	1919.HK	CN	Industrials	26%		6.8	2.69	n/a	Restricted	n/a	n/a	2.3
Hiwin Tech	2049.TW	TW	Industrials	26%		1.2	146	-34%	Sell	29.4	3.97	9.8
HTC Corporation	2498.TW	TW	Tech	26%		2.4	94.2	-38%	Sell	-6.0	1.23	40.0
CSL	CSL.AX	AU	Health Care	26%		38.6	108.61	16%	Neutral	26.8	11.26	-4.0
NGK Spark Plug	5334.T	JP	Cons Disc	26%		3.6	1736	32%	Buy	10.5	2.12	-12.0
YTL Power	YTLP.KL	MY	Utilities	26%	26%	2.7	1.46	27%	Buy	9.3	1.00	0.0
Brother Industries	6448.T	JP	Tech	26%		3.2	1199	n/a	Not Rated	n/a	n/a	-4.9
Hamamatsu Photonics	6965.T	JP	Tech	25%		4.7	2945	n/a	Not Rated	n/a	n/a	3.0
ComfortDelGro	CMDG.SI	SG	Industrials	25%	25%	4.4	2.73	31%	Buy	17.4	2.72	-0.7
JT	2914.T	JP	Cons Stpls	25%		72.3	4217	26%	Buy	18.5	3.02	-3.5
Tata Motors	TAMO.BO	IN	Cons Disc	25%	13%	23.8	472.5	-3%	Neutral	10.2	1.79	23.4

Source: Bloomberg, UBS estimates

## **Valuation Method and Risk Statement**

Risks of multi-asset investing include but are not limited to market risk, credit risk, interest rate risk, and foreign exchange risk. Correlations of returns among different asset classes may deviate from historical patterns. Geopolitical events and policy shocks pose risks that can reduce asset returns. Valuations may be adversely affected during times of high market volatility, thin liquidity, and economic dislocation.

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### UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage <sup>1</sup>	IB Services <sup>2</sup>
Buy	FSR is > 6% above the MRA.	49%	32%
Neutral	FSR is between -6% and 6% of the MRA.	38%	26%
Sell	FSR is > 6% below the MRA.	14%	19%
Short-Term Rating	Definition	Coverage <sup>3</sup>	IB Services <sup>4</sup>
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2016.

1: Percentage of companies under coverage globally within the 12-month rating category.

2: Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3: Percentage of companies under coverage globally within the Short-Term rating category.

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Company Name	Reuters 12-month rating	Short-term rating	Price	Price date
<b>Amcort Limited</b> <sup>4, 7</sup>	AMC.AX	Neutral	N/A	A\$14.7623 Jun 2016
<b>Brambles</b> <sup>5a, 7</sup>	BXB.AX	Neutral	N/A	A\$12.6023 Jun 2016
<b>Cheung Kong Infrastructure</b> <sup>16a</sup>	1038.HK	Sell	N/A	HK\$73.9523 Jun 2016
<b>China COSCO Holdings</b> <sup>3a, 3b, 5b, 16a</sup>	1919.HK	Restricted	N/A	HK\$2.7423 Jun 2016
<b>China Shipping Container Lines</b> <sup>3a, 3b</sup>	2866.HK	Restricted	N/A	HK\$1.5623 Jun 2016
<b>CK Hutchison Holdings</b> <sup>7, 16a</sup>	0001.HK	Buy	N/A	HK\$91.6523 Jun 2016
<b>Cochlear Limited</b>	COH.AX	Sell	N/A	A\$121.1023 Jun 2016
<b>ComfortDelGro</b>	CMDG.SI	Buy	N/A	S\$2.7423 Jun 2016
<b>CSL Limited</b> <sup>4, 7, 18b</sup>	CSL.AX	Neutral	N/A	A\$109.0323 Jun 2016
<b>Daewoo Shipbuilding &amp; Marine Engineering</b>	042660.KS	Sell	N/A	Won4,26023 Jun 2016
<b>Esprit</b> <sup>7</sup>	0330.HK	Buy	N/A	HK\$6.0023 Jun 2016
<b>Evergreen Marine</b>	2603.TW	Neutral	N/A	NT\$12.1523 Jun 2016
<b>Giant Manufacturing</b>	9921.TW	Neutral	N/A	NT\$209.5023 Jun 2016
<b>Goodman Group</b>	GMG.AX	Neutral	N/A	A\$7.2823 Jun 2016
<b>Hanon Systems</b>	018880.KS	Neutral	N/A	Won11,15023 Jun 2016
<b>HCL Technologies</b>	HCLT.BO	Neutral	N/A	Rs768.6023 Jun 2016
<b>Hiwin Technologies</b>	2049.TW	Sell	N/A	NT\$144.0023 Jun 2016
<b>HTC Corporation</b>	2498.TW	Sell	N/A	NT\$92.4023 Jun 2016
<b>Hyundai Glovis</b>	086280.KS	Buy	N/A	Won174,00023 Jun 2016
<b>Hyundai Heavy Industries</b>	009540.KS	Neutral	N/A	Won109,50023 Jun 2016
<b>Japan Display</b>	6740.T	Neutral	N/A	¥17723 Jun 2016
<b>Japan Tobacco</b> <sup>7</sup>	2914.T	Buy	N/A	¥4,22623 Jun 2016
<b>Makita</b>	6586.T	Buy	N/A	¥6,88023 Jun 2016
<b>NGK Spark Plug</b>	5334.T	Buy	N/A	¥1,77023 Jun 2016
<b>Nintendo</b>	7974.T	Sell	N/A	¥14,92523 Jun 2016
<b>Power Assets</b>	0006.HK	Neutral	N/A	HK\$73.5023 Jun 2016
<b>QBE Insurance Group</b> <sup>7</sup>	QBE.AX	Buy	N/A	A\$11.6923 Jun 2016
<b>Ramsay Health Care Limited</b> <sup>18a</sup>	RHC.AX	Neutral	N/A	A\$71.0323 Jun 2016
<b>Samsung Heavy Ind.</b> <sup>22</sup>	010140.KS	Sell	N/A	Won9,46023 Jun 2016
<b>Sembcorp Marine</b>	SCMN.SI	Sell	N/A	S\$1.5823 Jun 2016
<b>Sonic Healthcare Limited</b> <sup>13</sup>	SHL.AX	Neutral	N/A	A\$21.3423 Jun 2016
<b>Tata Consultancy Services Ltd.</b>	TCS.BO	Neutral	N/A	Rs2,644.3023 Jun 2016
<b>Tata Motors Ltd.</b> <sup>16b</sup>	TAMO.BO	Neutral	N/A	Rs488.0023 Jun 2016
<b>Tech Mahindra</b>	TEML.BO	Neutral	N/A	Rs532.0523 Jun 2016
<b>Thai Union Group</b>	TU.BK	Neutral	N/A	Bt22.4023 Jun 2016
<b>Westfield Corporation</b> <sup>2, 4, 6, 7</sup>	WFD.AX	Neutral	N/A	A\$10.8523 Jun 2016
<b>Wipro Ltd.</b> <sup>16b</sup>	WIPR.BO	Sell	N/A	Rs563.5523 Jun 2016
<b>YTL Power International</b>	YTLP.KL	Buy	N/A	RM1.4523 Jun 2016

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