



Prudential
Seizing
the
Opportunity

Mutual Funds

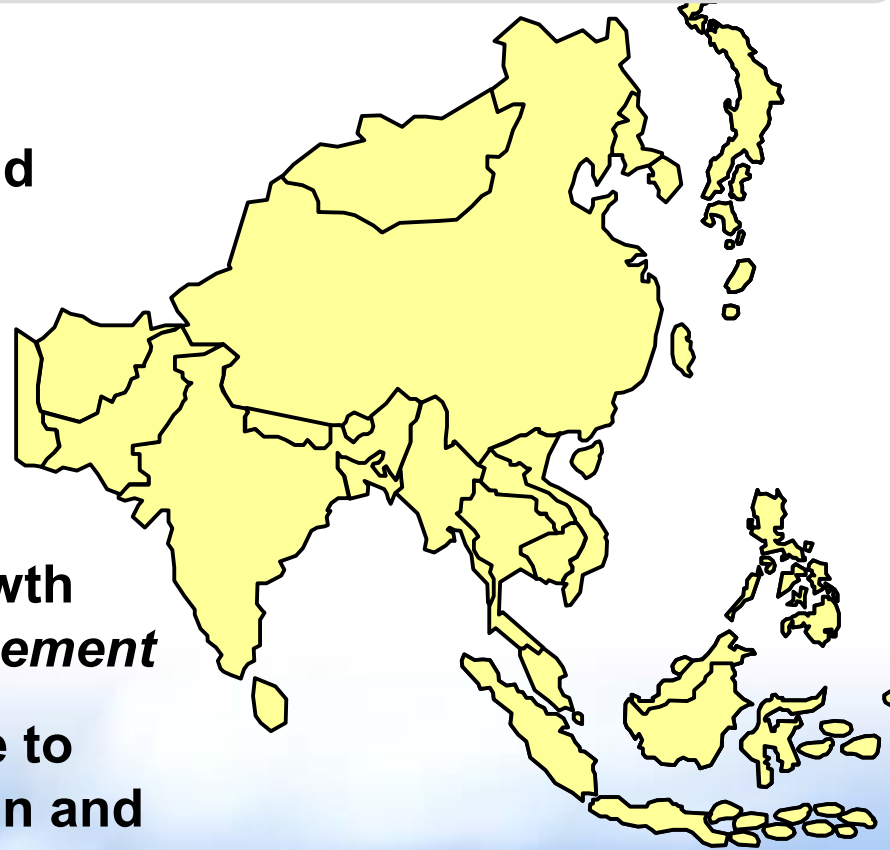
Growth Opportunities in Asia

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Mutual funds in Asia : Future outlook

7 good reasons for significant growth of mutual funds in Asia

1. **Large *population***
2. **Positive *economic outlook* and growing *wealth***
3. **High propensity to save**
4. **Very *low penetration* for mutual funds**
5. **Continued trend towards growth in *professional wealth management***
6. ***Regulatory reform* to give rise to new products such as Pension and Offshore products**
7. ***Attractive profit pool***



1. Geography and demographics

Asia accounts for almost half of the world's population and three of its four most populous countries

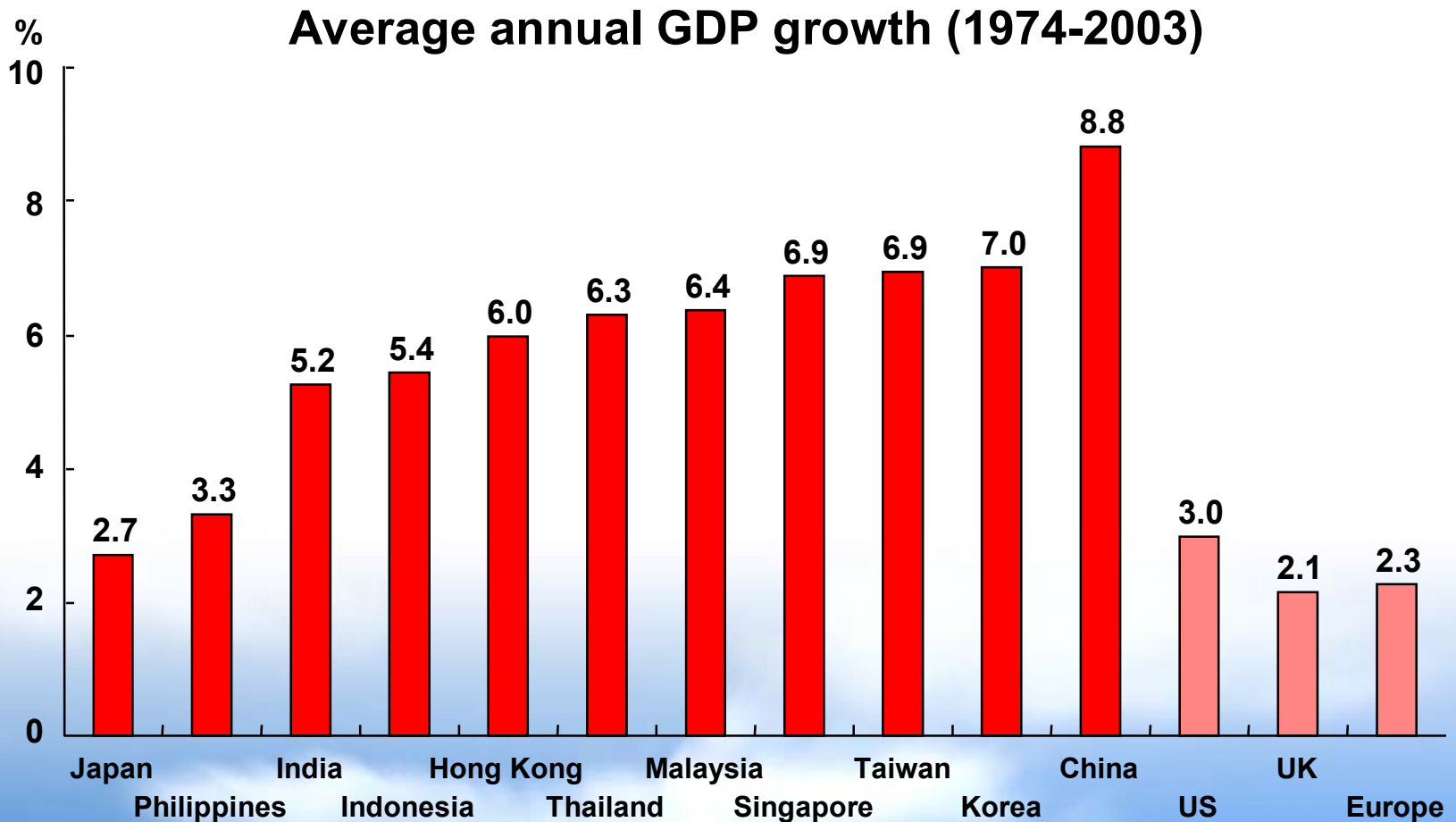
Asian region



	2001 Pop'n (m)	2011E Pop'n (m)	CAGR
China	1,276	1,359	0.6%
India	1,015	1,165	1.4%
Indonesia	203	215	0.6%
Japan	127	127	0.0%
Philippines	78	92	1.7%
Thailand	61	64	0.5%
South Korea	48	50	0.5%
Malaysia	24	29	2.0%
Taiwan	22	24	0.5%
Hong Kong	7	7	0.9%
Singapore	3	4	1.3%
Total	2,864	3,136	0.9%

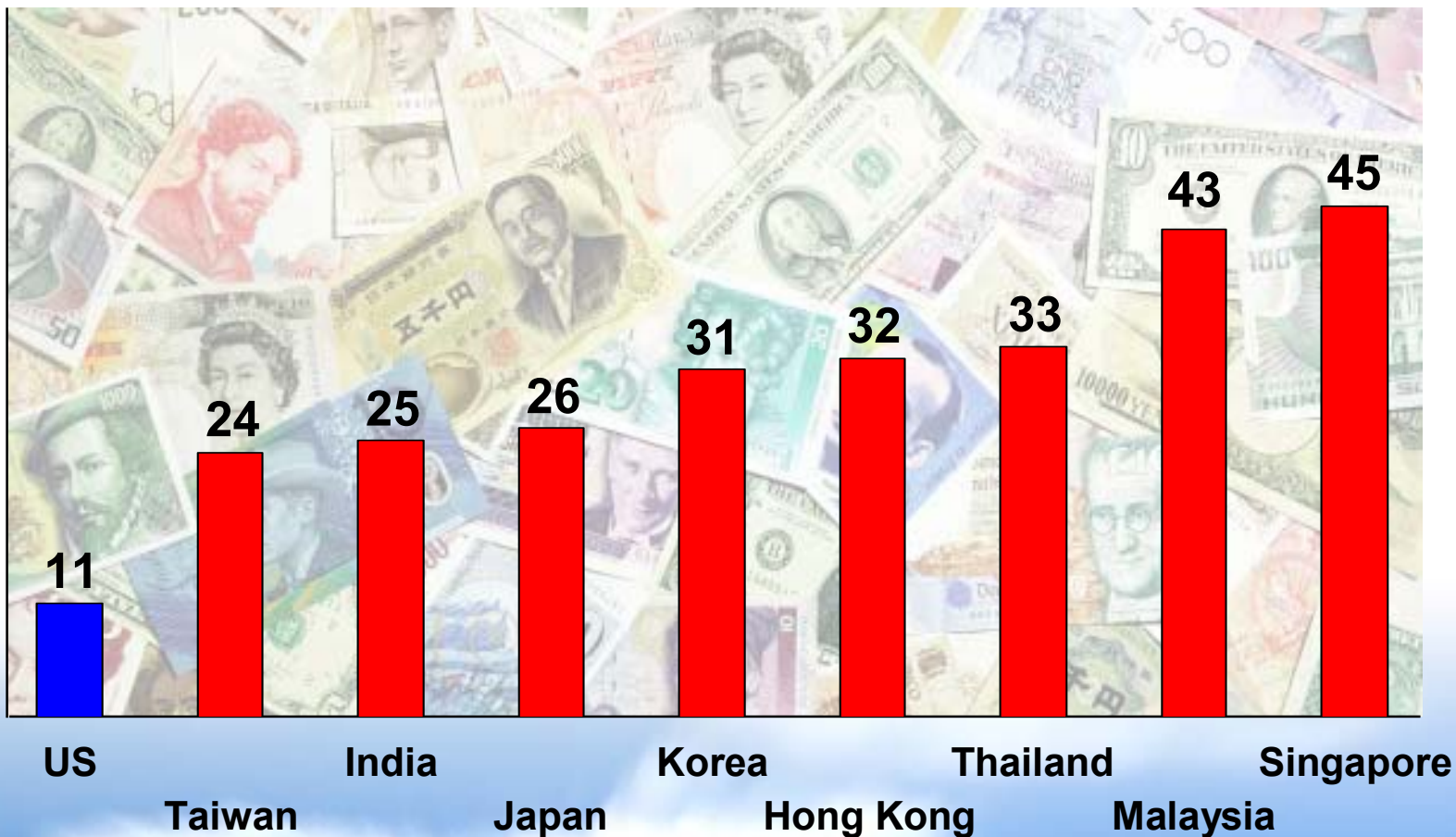
2. Positive economic growth in Asia

Asia has weathered many crises in past 30 years and still produced high average GDP growth rates



3. High propensity to save

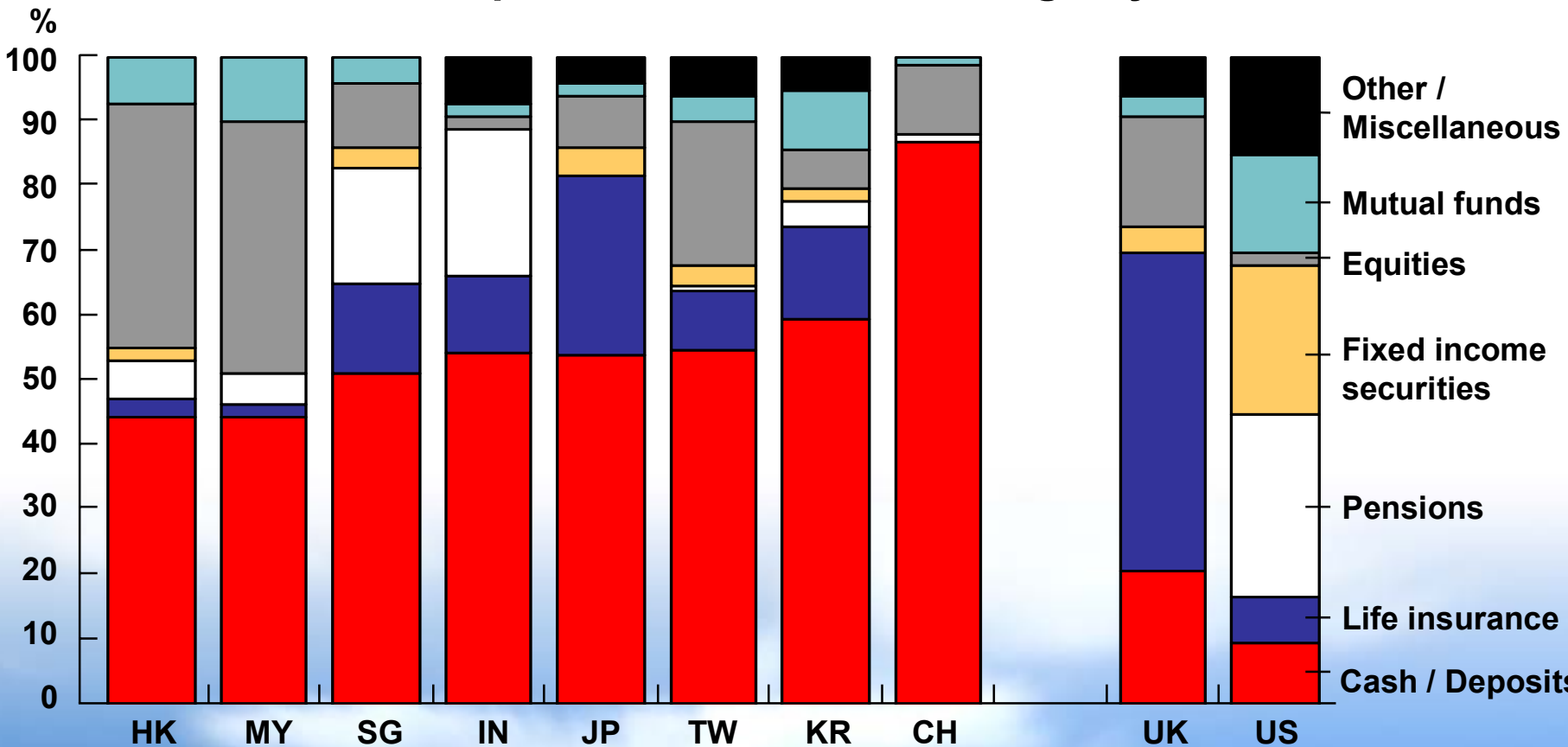
Savings as a % of GDP - 2003



4. Low penetration of mutual funds

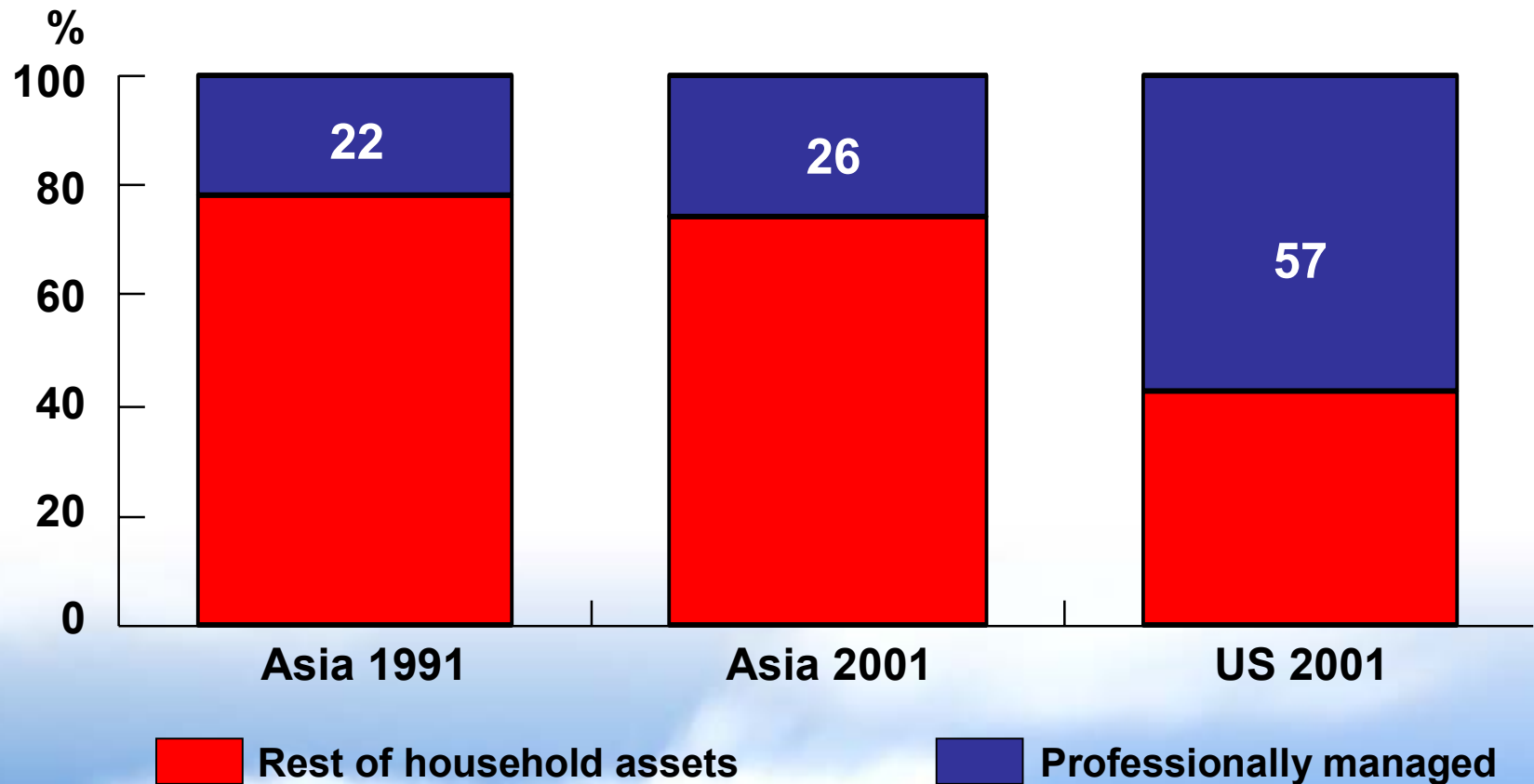
Asian household assets much more concentrated towards cash and deposits than in UK or US

Distribution of personal financial holdings by asset class



5. Continued trend towards professional management

Consistent growth in professionally managed wealth over the last 10 years in Asia but it is only half the US



6. Regulatory reform : New products opportunities

Offshore products

Major markets in Asia

Predominantly domestic markets

India, China and Malaysia

Both domestic and offshore markets

Taiwan, Korea, Japan, Singapore and Hong Kong

Our estimate of current offshore market is £70 - 110 billion

Pension products

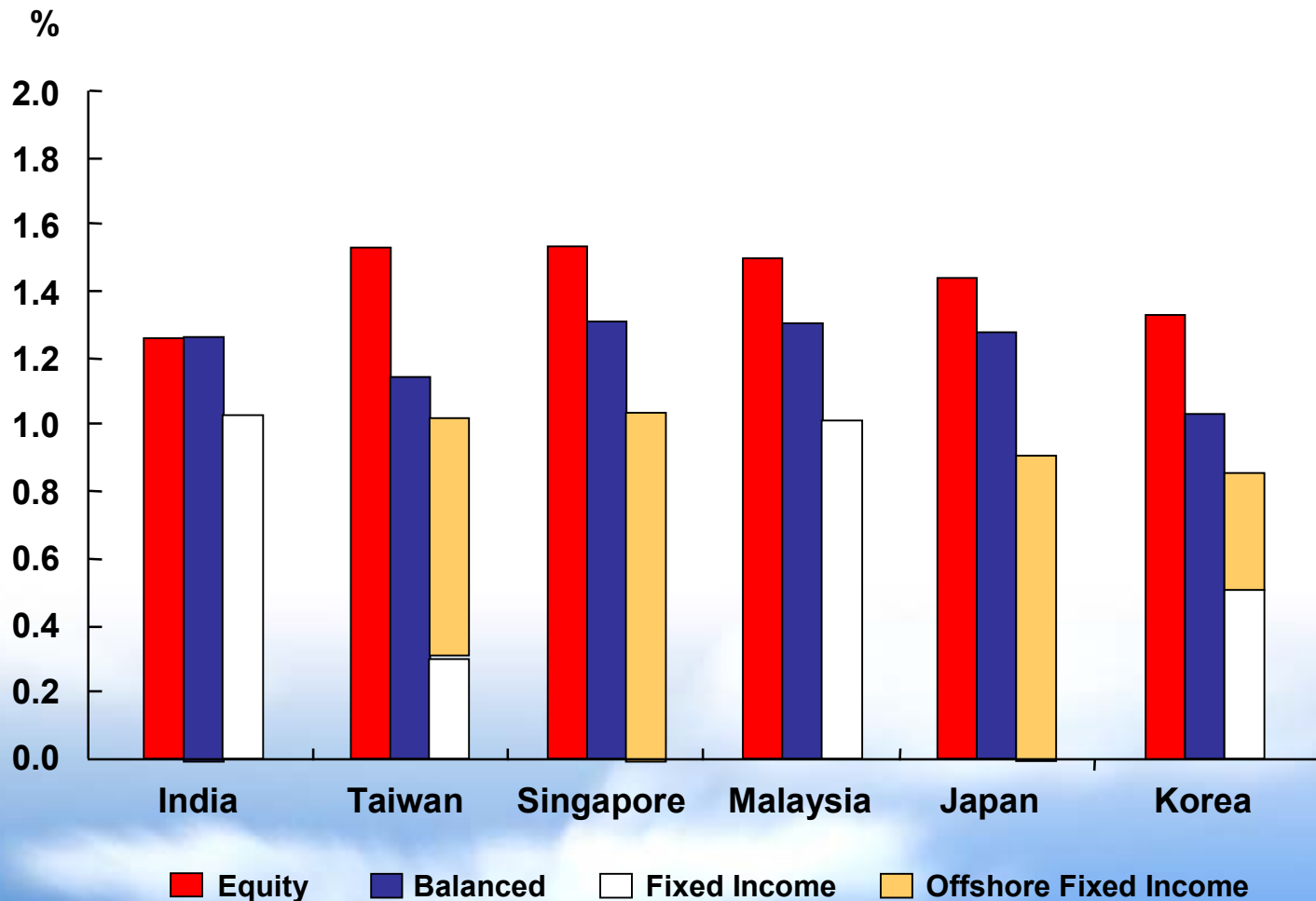
Pension reform in Asia due to :

- Demographics are set to worsen significantly
- Unfunded or under funded pension schemes in Asia
- Replacement rates are set to fall in most markets

Pension reform gives rise to new market opportunities for asset management companies

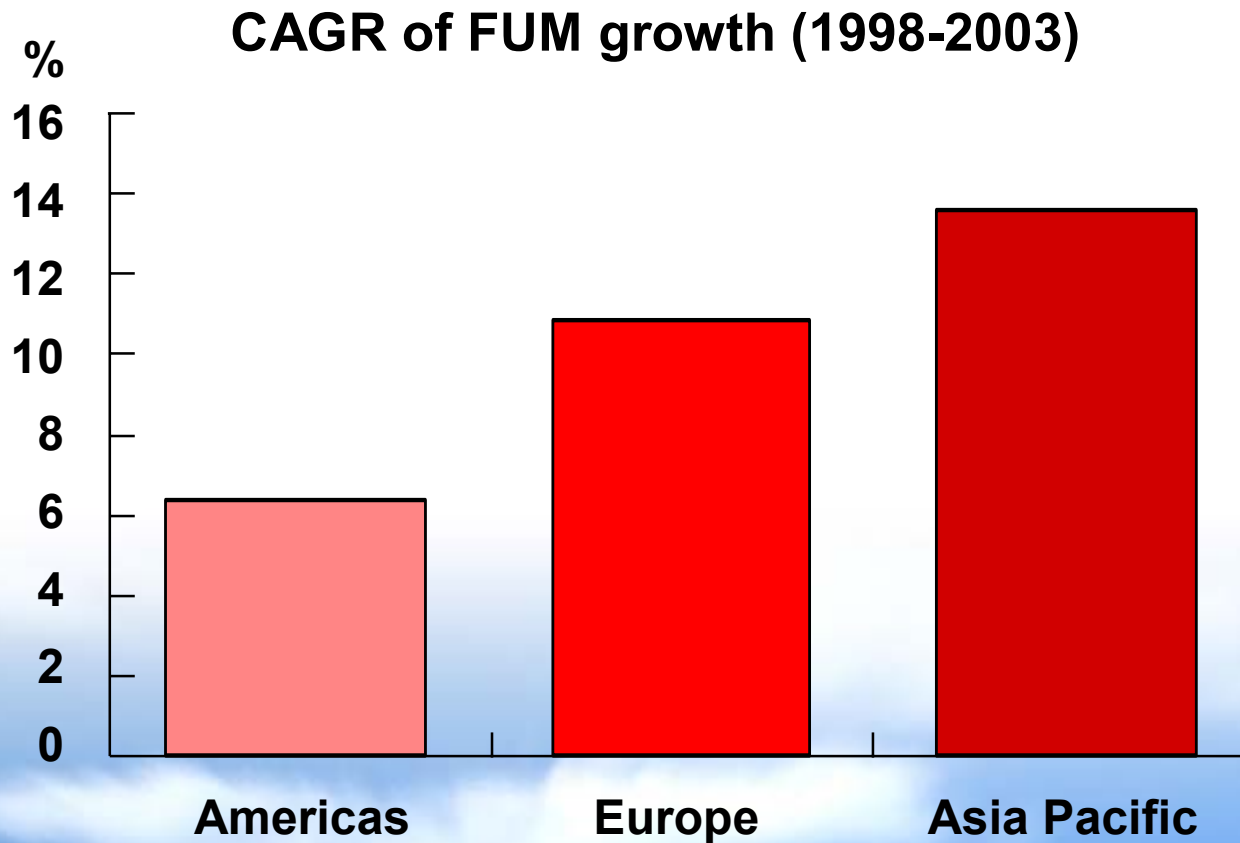
7. Attractive management fee rates

Industry average annual gross management fees by product types



Mutual funds market overview

Significant growth trend has begun in Asia



Well placed to capitalise on opportunities

7 reasons why our funds business is well positioned



- 1. *Established presence in Key Asian Mutual Funds markets***
- 2. *Customer-centric approach to understand customers' needs***
- 3. *Wide range of products to meet our customers' changing needs***
- 4. *Established distribution network which are tailored to market needs***
- 5. *Good brand recognition***
- 6. *Proven track records in fund performance***
- 7. *Quality people and systems in place***



Key messages

- **Mutual funds in Asia have grown strongly and the potential to grow is substantial**
- **We have a track record of delivery and have built a sizeable business in a short time**
- **We add considerable value to the Life companies through fund management of Life Funds**
- **Our goal is to be a significant and profitable force in all our chosen markets**
- **We have the vision, the strategy and the people to succeed**





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