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# 5th Annual PortfolioConstruction Conference

23 – 24 August 2006 | AJC Convention Centre, Randwick, Sydney

Pillars for building better  
quality investor portfolios...

# INDIA - All The Raj

**An interactive Q&A session with:**

Adrian Lim, Investment Manager

PortfolioConstruction Conference 2006





# Chindia – China **and** India

	China	India
<b>Population</b>	1.3 billion	1.1 billion
<b>Demographics</b>	under 15 - 21.4%	under 15 - 31.2%
<b>Politics</b>	Communist	Democracy
<b>Government</b>	Hands on	Hands off
<b>Infrastructure</b>	Physical	Business
<b>Industry</b>	Manufacturing	Servicing
<b>Business</b>	State owned	Private
<b>Banks</b>	High NPLs	Conservative
<b>Capital markets</b>	Developing	Mature
<b>Legal system</b>	Weak	Strong
<b>Literacy</b>	90%	60%
<b>Higher Education</b>	25th	6th
<b>Economic Growth Q1</b>	10.3%	9.3%
<b>FDI</b>	High	Low
<b>FII</b>	Low	High

# India – quick facts

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<b>Population</b>	1.1 billion (2nd)	<b>Government</b>	Federal Republic
<b>Area</b>	3.3 million sq km (7th)	<b>Prime Minister</b>	Manmohan Singh
<b>Density</b>	329/km <sup>2</sup> (20th)	<b>President</b>	APJ Abdul Kalam
<b>Languages</b>	Hindi, English + 17 other official	<b>Currency</b>	Rupee
<b>Religions</b>	Hinduism, Islam, Christianity Sikhism, Buddhism, Jainism	<b>Emblem</b>	Sarnath Lion
<b>Life expectancy</b>	64 years (m) 66 years (w)	<b>Anthem</b>	"Jana Gana Mana"
<b>Median age</b>	24.9 years	<b>Road network</b>	33.3 km (2nd)
<b>Capital</b>	New Delhi	<b>Movie production</b>	1000 pa (1st)
<b>Independence</b>	15 August 1947	<b>Mobile phones</b>	69 million (6th)
		<b>Internet users</b>	51 million (4th)

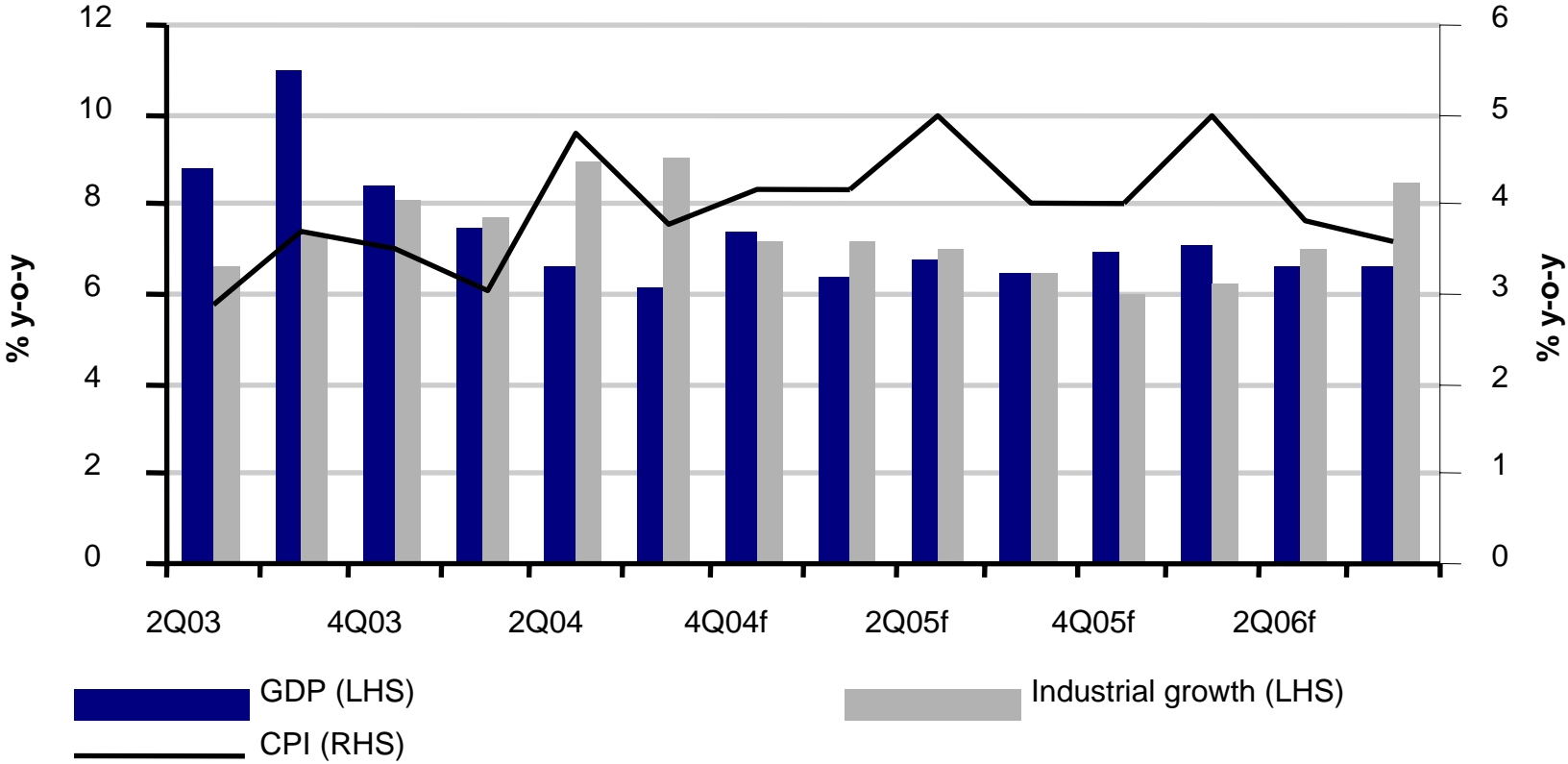
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# The Indian advantage

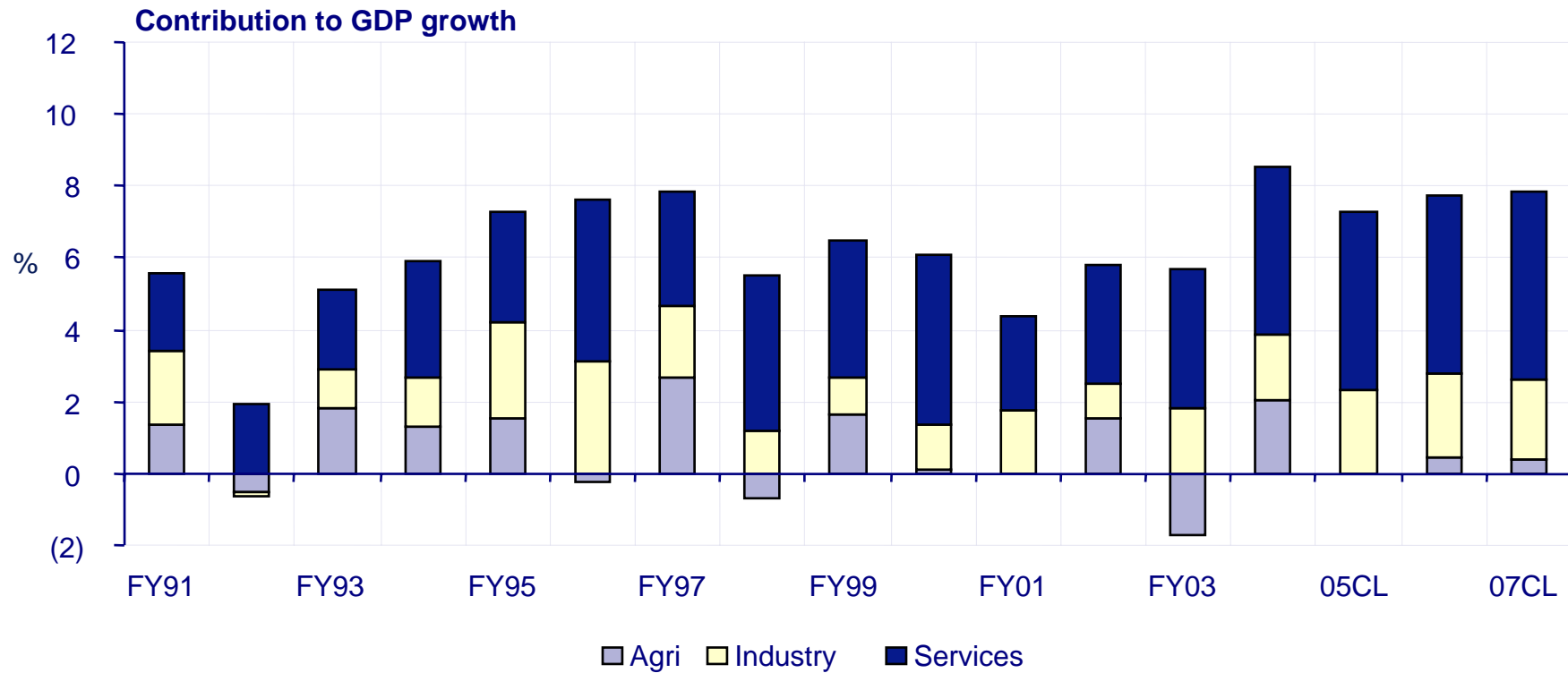
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- Attractive sustainable growth potential over the long term
- New government committed to market reform and increasing fiscal prudence
- Strong management teams that build companies which compete globally
- Domestic depth and growth complements more global IT and pharmaceutical stories
- Great stock-picking opportunities

# Economic growth has stayed strong...

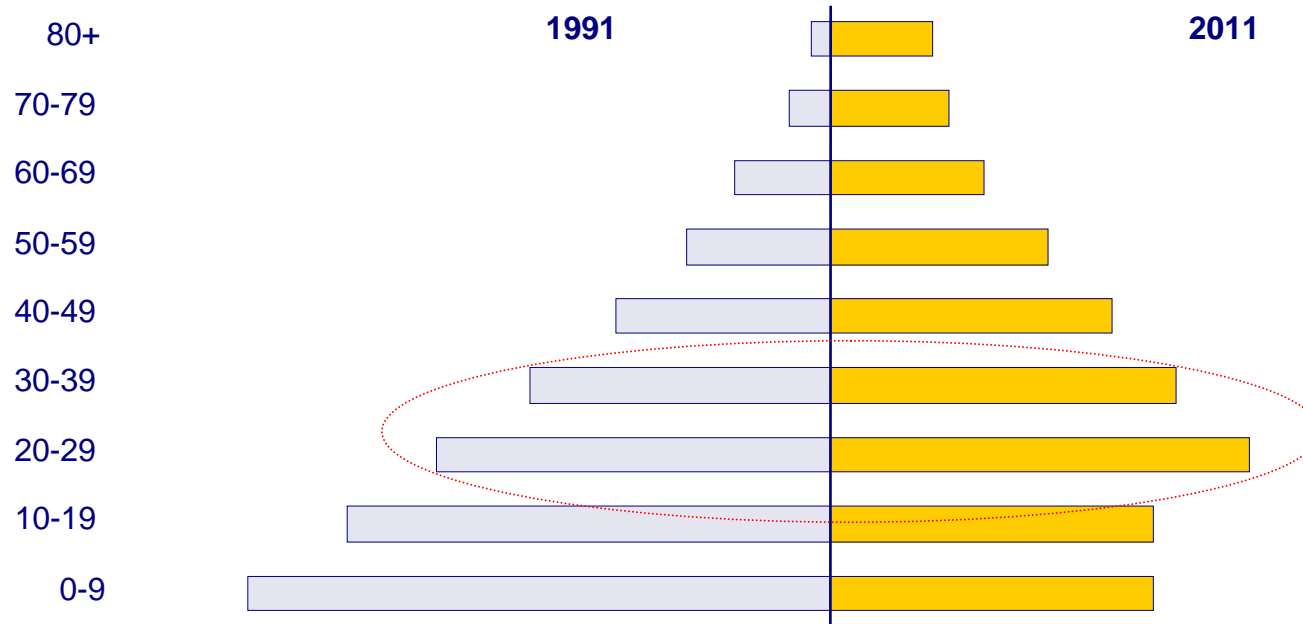


... and is increasingly well-balanced



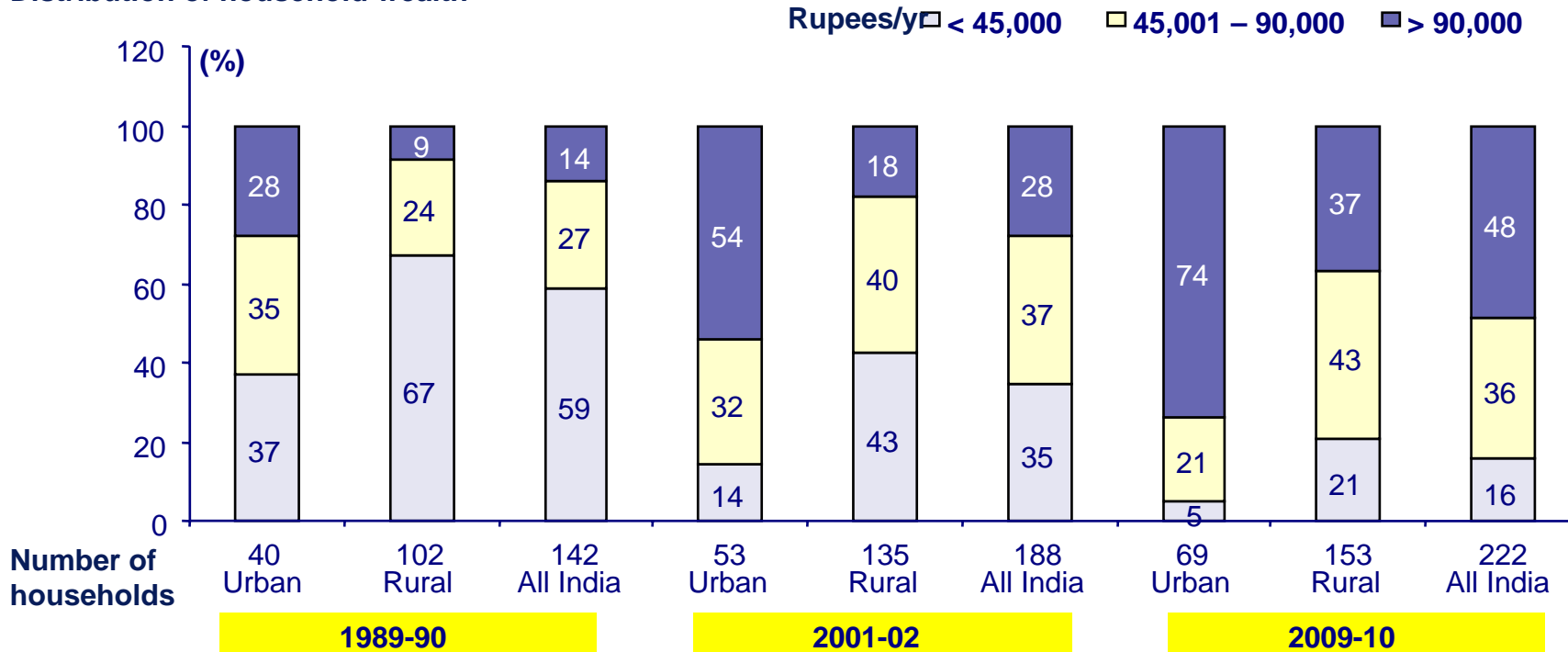
# Attractive demographics

% population in age group

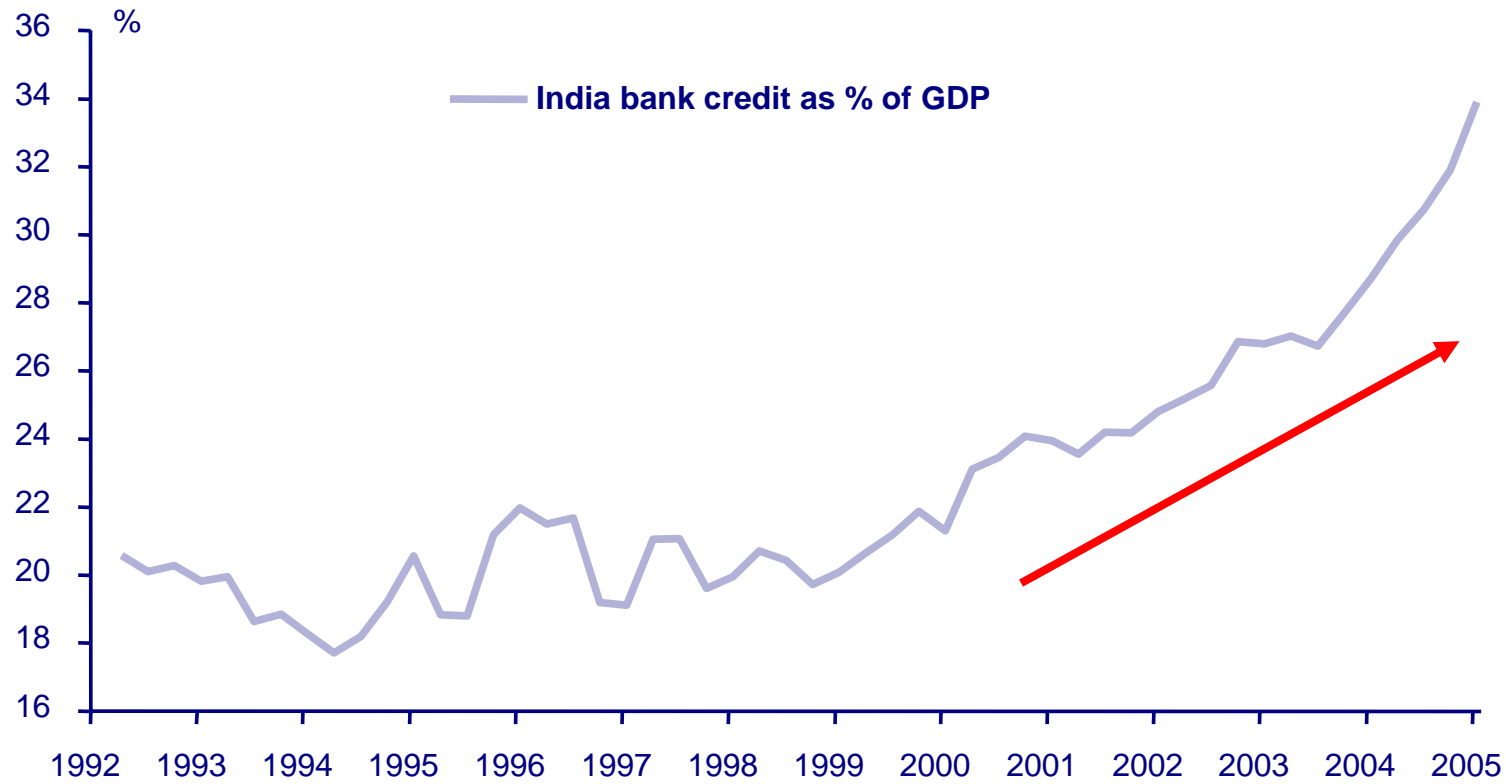


# Wealthier households – the rise of the middle class

Distribution of household wealth

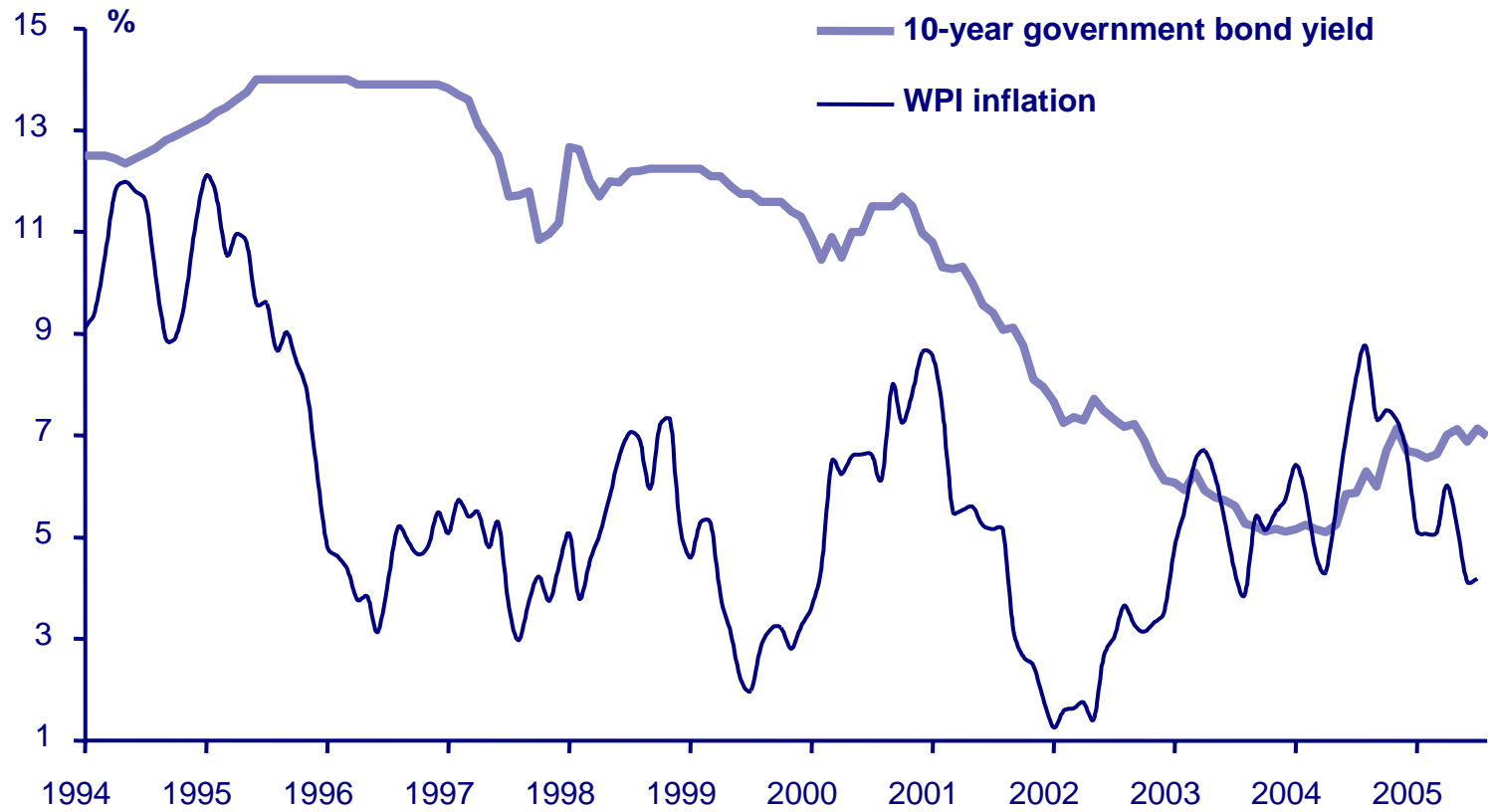


# Domestic credit cycle still at early stage

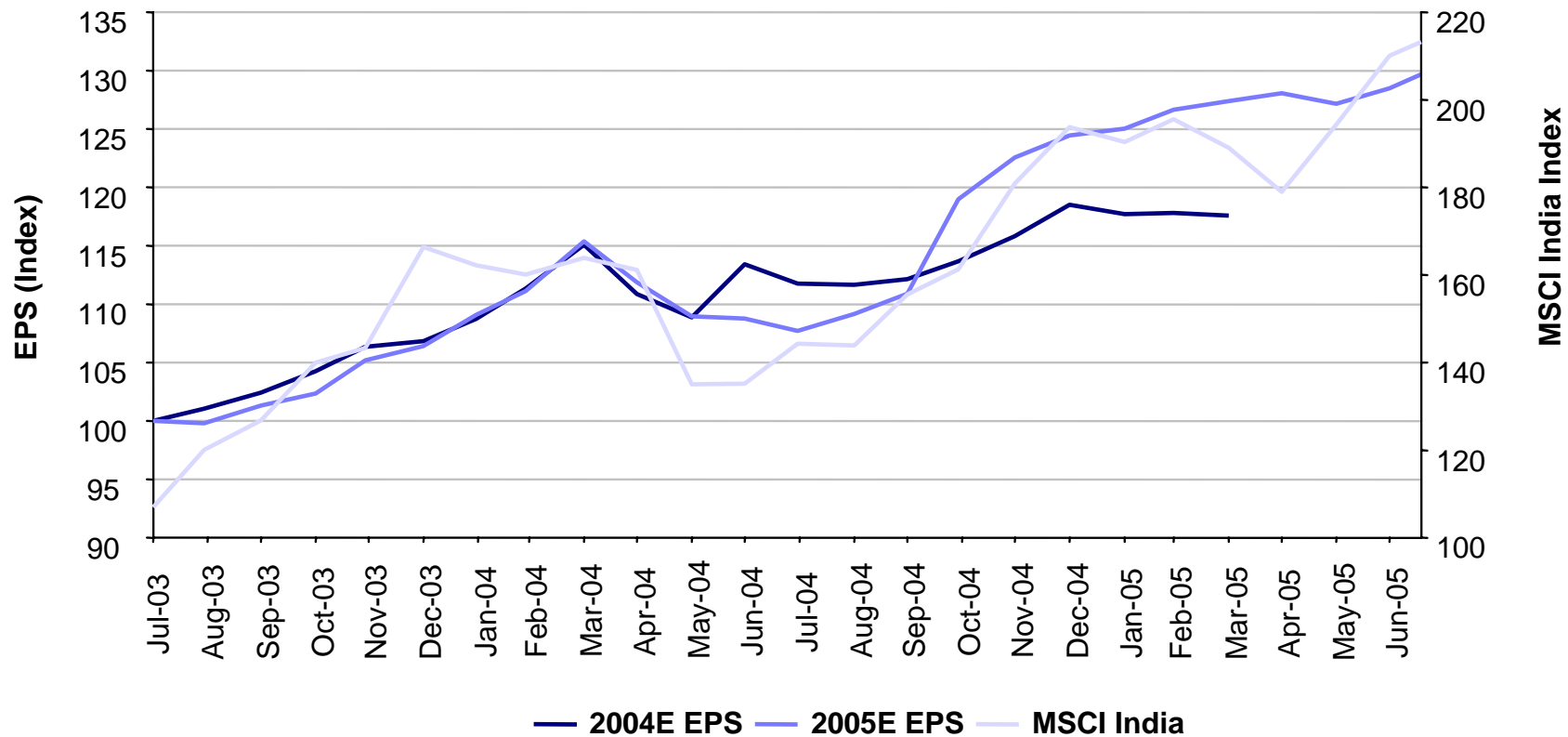


Note: Average for China, Hong Kong, Korea, Malaysia, Singapore and Taiwan = 114%

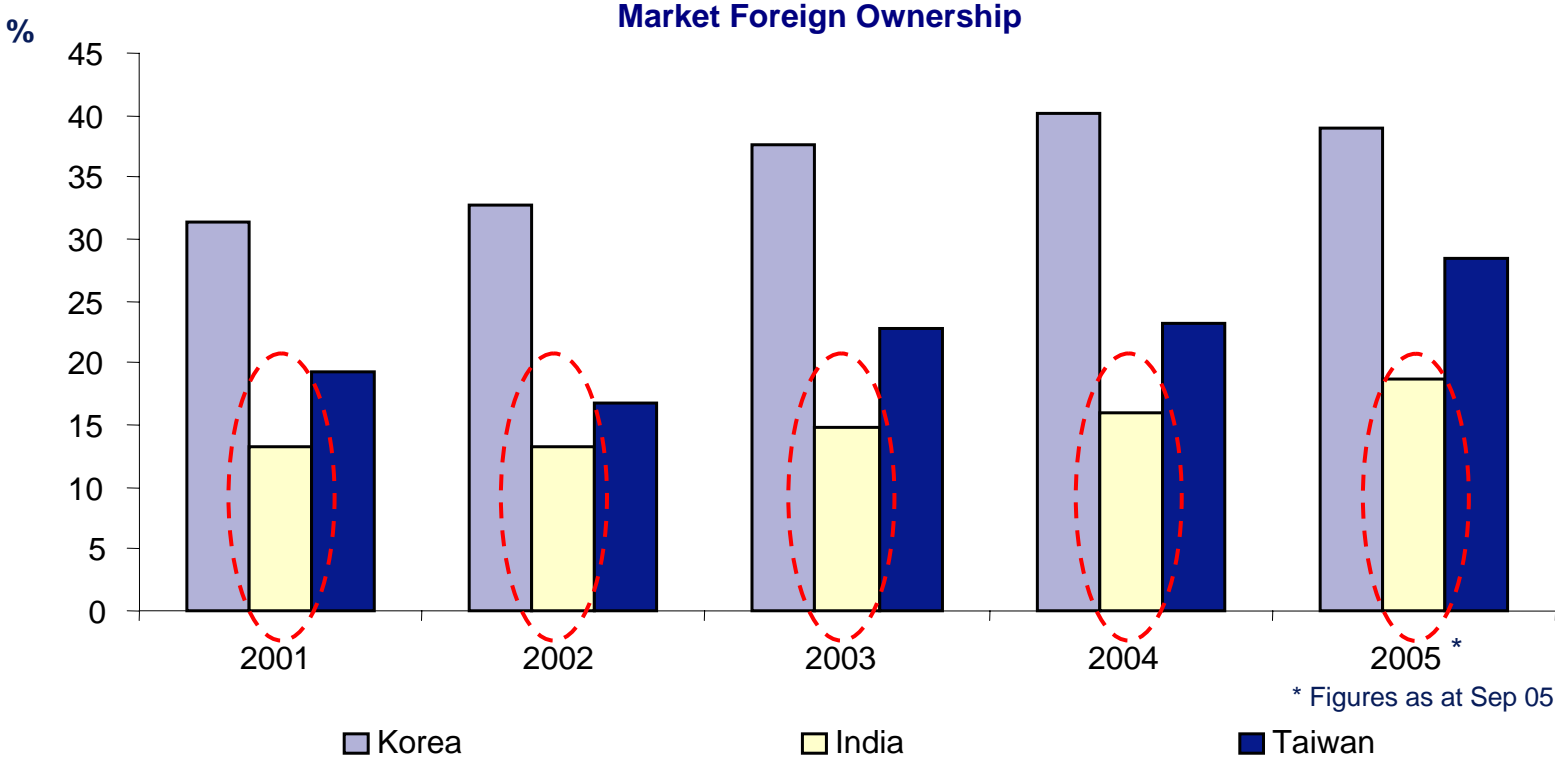
# Inflation is still contained



# Earnings have remained healthy



# India is still relatively 'under-owned'



# Outlook

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- Economy can continue to grow at 6% plus in financial year 2006
- Congress has validated reform process, which could now accelerate, eg thru more privatisation
- Private sector is bullish, and this has been reflected in market performance since Q2 04
- Main constraint is poor infrastructure, reflecting historic underinvestment,
- Higher energy costs a potential concern, otherwise well insulated from external shocks
- Still our main overweight in Asian regional model

# Accessing the Raj

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- Actively managed 'traditional' International equity portfolio
  - *Aberdeen International Equity Fund – India weighting 3.5%*
- Specialist global emerging markets portfolio
  - *Aberdeen Emerging Markets Fund – India weighting 12.2%*
- Regional focused equity portfolio
  - *Aberdeen Asian Opportunities Fund – India weighting 13.1%*

# Summary

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- Attractive long-term investment story
- Excellent stock-picking opportunities
- Valuations are not cheap but earnings remain solid
- Given the sharp rise in share prices, a correction would be healthy
- Aberdeen's consistent track record and experience in emerging markets

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