

INVESTMENT TRUSTS

Henderson TR Pacific manager Andrew Beal backs Asian consumer spending to hit \$16trn mark as middle section of society gets richer

TR Pacific goes overweight Asian consumers

By Kyle Caldwell

Henderson Global Investors Andrew Beal has reshaped his \$350m TR Pacific investment trust towards the Asian consumer, with two-thirds of the portfolio betting on the theme.

Beal has revamped the portfolio to benefit from the rising wealth of the Asian middle

class consumer, which he believes will propel consumer spending from \$8trn to \$16trn in the next decade.

Beal has added 10% to consumer discretionary stocks since the turn of the year, moving to a 15% overweight position to tap into rising consumer expenditure.

"Over the past ten years the

growth in Asia has been in the low-cost manufacturers but the dynamics have now changed and the best way to profit from the area is to play on the rising wealth of the middle class consumer," said Beal.

"The Asian middle class bracket will double over the next three years and this will result in an increase in leisure

and lifestyle spending in sectors such as housing, healthcare, leisure and travel."

Beal has added airlines Air China and Sands China to capitalise on domestic tourism rising at a rate of 15% per annum as the middle classes loosen their purse strings.

He has also introduced Prada and Baidu into the portfolio, using the trust's 10% gearing mechanism.

"We took up a 2.5% position in Prada upon its IPO as there is a strong demand from the consumer to purchase Western luxury brands which will see the share price benefit," said Beal.

"I also bought into Baidu as

the share price fell 20% on the demise of Canada-listed Chinese firm Sino Forest, which fell 89%, hitting sentiment for US-listed Chinese shares.

"This created an opportunity for us to buy Baidu as it was no longer overvalued and it is the dominant player in its marketplace."

Beal is also eyeing up Asian banks as he views the area as well capitalised with its loan to deposit ratios below 100%.

He said Asian banks will receive a boost from growing sales of mortgages and credit cards. "Asian banks are only going to become more capitalised as more consumers purchase houses," said Beal.

HENDERSON TR PACIFIC INVESTMENT TRUST SECTOR WEIGHTINGS VS MSCI AC ASIA EX-JAPAN INDEX

Sector	TR Pacific investment trust %	Index %
FINANCIALS	26	24
PROPERTY	10.7	6.6
INDUSTRIALS	19.3	11.3
TELECOM SERVICES	0	5.6
INFORMATION TECHNOLOGY	16.1	16.1
ENERGY	7.6	8.1
CONSUMER DISCRETIONARY	25.7	9.6
MATERIALS	4.1	9.1
CONSUMER STAPLES	1.9	4.8
HEALTHCARE	0	0.9
UTILITIES	0	3.5

Source: Henderson Global Investors