



## Asia Pacific Fund (APB) Expresses Optimism On Improved Market Conditions As The Chinese Economy Stabilizes On The Back Of A Rigorous Government Stimulus

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Asia Pacific Fund (APB) has expressed optimism on improved market conditions on the Asia Pacific region. The company confirmed on its monthly fact sheet that while the region underperformed marginally compared to global

equities, increased stability in the Chinese economy backed by a comprehensive government stimulus offers great promise of better prospects in the coming months.

Asia Pacific Fund (APB) also confirmed that stock markets in China and Hong Kong diverged last month. The Hang Seng Index grew by 1.4%. H shares as reported by the MSCI China index dropped 0.2% while A shares as reported by the Shanghai Composite Index dropped 2.4%. However, there is hope after

all. Asia Pacific Fund (APB) expects the market to pick up in the coming months as the Chinese economy shows resilience and stability.

### **Chinese Economy Stabilizes As Government Stimulus Pays Off**

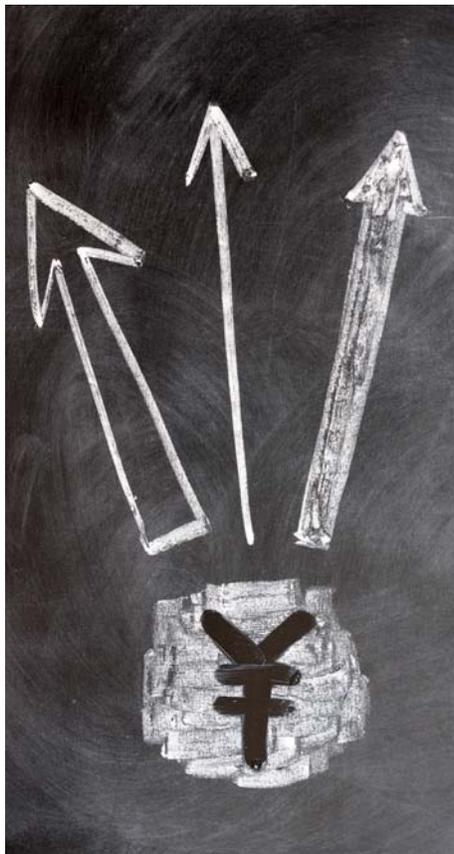
Economic data released in April confirmed that the [Chinese economy had stabilized](#) and could actually turn the corner towards robust growth soon enough. Chinese exports soared and are expected

◀ to maintain a steady rise in 2016. Indeed the Chinese economy expanded by 6.7% in Q1. Much of this success has been attributed to strong policy support and a rigorous government stimulus. However, there are other indicators that show the Chinese economy might be headed to a more sustainable level. To begin with, there is a sharp rise in investments, and improved dynamics in the country's property industry. Exports have improved and government interference in the market seems to have reduced.

The impact of a stable and steady Chinese economy is definitely going to be positive. In March for instance, stocks in Hong Kong and other Asian markets rallied in light of growing Chinese exports and stabilizing economy. You will note that last summer stocks in China fell by almost 40%. This obviously created panic among western investors with fears of a global slowdown clouding investment prospects for China and the Asia Pacific region. However, it is misguided to pay attention to this drop in fact, as we speak Chinese stocks are still 50% higher compared to two years ago. The Chinese economy will still slow down compared to the highs witnessed in recent years. But this is to be expected from any rapidly developing country. Additionally, this is highly unlikely to have any significant impact on markets especially if the economy toughs it out and maintains a steady and gradual climb this year.

### **Asia Pacific Fund (APB) Outlook For The Remainder Of 2016**

Asia Pacific Fund (APB) has generally remained optimistic despite difficult



market conditions in recent months. The company noted that Chinese stocks listed in offshore markets softened further in Q1. Asia Pacific Fund (APB) has also confirmed that there are strong indicators that the Chinese government is turning pro-growth. The first quarter of 2016 registered CNY 4.6 trillion in new credit. Additionally, Fixed Asset Investment (FAI) also showed some progress with a unique surge in infrastructure projects. In South Korea investment in construction bounced back by 5.9%. The South Korean Economy is still expected to grow by 2.8% this year, a figure slightly lower than the projected 3% growth. The Korean government though will be delivering a number of policy stimulus to help improve economic outlook over the next few months.

### **Asia Pacific Fund (APB)'s Strategy So Far**

The Asia Pacific Fund (APB) strategy in 2016 will still be aligned with its core investment objectives. The company will primarily focus on achieving long term capital appreciation through investing on equity securities in the Asia Pacific countries. The company has so far made investments in oil and gas in China to take advantage of strong refining margins due to China's supportive fuel and energy policy. Asia Pacific Fund (APB) has also confirmed investments in the Chinese commercial property sector, Telecoms suppliers, and also a Korean confectionery company. All these investments look favorable and are expected to contribute to the company's investment targets this year.

### **Parting Shot.....**

International/Geographical investment diversification is an important strategy that can help offset any potential loses in your primary market. The Asia Pacific region is definitely one of the best regions to invest. There are a number of developed economies including Japan, Australia, Singapore, and South Korea. However, what really tips the Asia Pacific region as a great investment destination is the emerging global economic powerhouses like India and China. Asia Pacific Fund (APB) says that prospects for the region will improve in the coming months with monetary easing expected to moderate in the next Quarter. The company's stock also closed on \$9.21 per share on Friday up by 0.65%.

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