

# THE SOUTHEAST ASIA OPPORTUNITY

In the past decade, Southeast Asia has undergone transformation from being a predominantly commodity-driven economy to one that is driven by domestic consumption today.

TODAY	2030
657 million population	710 million population <sup>1</sup>
US\$3 trillion GDP*	US\$6 trillion GDP
6% GDP growth	Expected annual average growth of 6% for the next decade

\*2018 figure



Over the past years, Southeast Asia has been undergoing transformations due to the growth of countries such as Vietnam, Thailand, Indonesia and the Philippines, which have been developing as the manufacturing hubs of multinational corporations. Exports are expected to be a major source of economic growth over the next few years.

**Foreign Direct Investment ("FDI") inflows to the manufacturing sector increased to a record level of US\$55 billion in 2018, accounting for 35% of total inflows in the region.<sup>2</sup>**

Southeast Asia is also home to abundant natural resources such as key minerals and agricultural products: a majority of the world's rubber, palm oil and fruit products are produced and exported to the rest of the world.

In addition, the digital economy in Southeast Asia is growing. In 2018, the digital economy comprised 7% of Southeast Asia's Gross Domestic Product ("GDP").

**By 2025, the internet economy in the six largest markets in Southeast Asia – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam – is projected to reach US\$200 billion, a 400% increase and could uplift the region's economy further by US\$1 trillion.**



1. Enterprise Singapore  
2. ASEAN Investment Report 2019

## OUR STRATEGY

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- **We focus on Southeast Asia**, where we have proximity, management expertise, knowledge, relationships and a track record of delivering performance.
  - Our investment themes are around the **urbanisation and the emerging consumer class** in Southeast Asia.
  - **We invest in market-leading businesses** and work closely with them to reach their potential and elevate their communities.
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## INVESTMENT THEMES

### URBANISATION

Urbanisation is poised to accelerate. Today, half the region's population live in cities. This is expected to increase to two-in-three people by 2025.<sup>3</sup>

This will need to be supported by further infrastructure development, which in turn will drive consumption. More people in countries with low urban populations such as Vietnam, Indonesia and the Philippines, are moving to the cities for better employment and education opportunities. To support this, infrastructure projects such as roads, railways, airports and sea ports are being built.

**An investment of US\$2.8 trillion is required for infrastructure from 2016 through 2030 to meet the region's urbanisation needs.**<sup>4</sup>

### EMERGING CONSUMER CLASS

Today, Southeast Asia has the world's third largest labour force with an average age of 30 years.

**The average GDP per capita is projected to grow from US\$4,500 in 2018 to over US\$6,500 by 2025 – representing a significant growth in buying power.**

Southeast Asia is the world's third largest recipient of FDI<sup>5</sup>, helping to drive the region's continued urbanisation and economic development. The region has also succeeded in reducing poverty from 47% in 1990 to 14% in 2015.

**By 2030, 163 million individuals' household income will become "consuming class", expected to demand more goods and services.**<sup>5</sup>

With Southeast Asia's urbanisation and growing consumer class, there is an increased demand for infrastructure, housing, energy, transportation, financing and consumables. We seek to invest in businesses that participate in key sectors that provide products and services to meet these growing needs.



These businesses also contribute to the economic growth of the country and improve lives of the local people by actively engaging with their communities as well as creating employment opportunities.

At JC&C, we invest in businesses that are leaders in their respective sectors and markets. With their strong market position, competitiveness, best practice and good governance, these businesses are positioned to succeed for the future.

3. ASEAN Smart Cities Network 2018  
4. ADB Special Infrastructure report 2017  
5. ASEAN Investment Report 2018