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Fund managers ink deal targeting Malaysian HNW investors

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T. Rowe Price and Maybank Asset Management have partnered to give Malaysian private wealth investors access to a China equity strategy.

The T. Rowe Price China Evolution Equity Fund focuses on China's secular change and undiscovered leaders, and was launched last August to invest in smaller companies instead of Chinese mega-caps.

Benchmarked against the MSCI China All Shares Index Net, the strategy is managed by T. Rowe Price's Hong Kong-based portfolio manager Zheng Wenli, who joined the firm in 2008.

The strategy's largest weighing is 25.4% in the consumer discretionary sector, followed by 22.3% in industrial and business services, and 11.9% in healthcare.

Zheng's investment approach "combines contrarian ideas with style-agnostic active stock picking to generate excess return for investors in the long-term by investing into China," the companies said.

It invests in over 40 names across A-shares, H-shares and US-listed Chinese stocks. Top five holdings include Country Garden Services Holdings, Jason Furniture Hangzhou, Zhejiang Shuanghuan Driveline, Kanzhun and Guangdong Kinlong Hardware Products.

"While investors may shy away from anything related to the property and healthcare sectors for now, we believe there are companies with unique business models that can navigate the environment successfully. That includes select companies in property management services, furniture retail, and medical devices, for example," Maybank AM told Asian Private Banker.

As of November 2021, the fund had US\$150.9 million in assets under management. Since inception, it has returned 15.13%, outperforming the benchmark's 1.32%.

Strong demand

Maybank AM believes Malaysian HNW investors will continue to seek investment opportunities in China this year, mainly driven by mispricing opportunities created by the recent regulatory concerns.

“Policy has been on top of HNW investors’ minds in 2021 in China, which had a meaningful impact on several industries. While some policies caught investors by surprise, most now believe that the government’s intention has been clear and consistent,” it said.

“We think investors are in the view that Beijing has enough policy instruments to engineer a soft landing for the Chinese economy in 2022, though fresh stimulus measures are likely to be selective and targeted.”