



"T Rowe Price debuts China equities 'future winners' strategy in Malaysia"

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T. Rowe Price has teamed up with Maybank Asset Management to roll out a dedicated China equities strategy in Malaysia that bets on Chinese firms poised for growth.

The T. Rowe Price China Evolution Equity Strategy invests in onshore and offshore Chinese firms outside of the top 100 largest Chinese firms list, identifying those best positioned to benefit from the dynamic change and growth in China. It is available to Malaysian private wealth investors.

The new strategy, which is managed by Hong Kong-based Wenli Zheng, is pegged against the MSCI China All Shares Index Net. It was inceptioned in December 2019 and had an average annual total return of 22.31% in the one year ending on September 2021 versus its benchmarks of 1.3%, information on the firm's website shows. It had about US\$82 million in total net assets as of November last year.

It is the first Chinese equities strategy that T. Rowe Price has offered in Malaysia. According to the Baltimore-based fund firm, the strategy is differentiated by its focus on looking outside of the mega-caps pool and picking what it describes as "future winners".

As of end-November 2021, its largest holding was real estate developer Country Garden Services, which comprised 5.6% of its portfolios. The other top holdings were Jason Furniture Hangzhou (4.7%), Zhejiang Shuanghuan Driveline (4.43%), Kanzhun (3.71%) and Guangdong Kinlong Hardware Products (3.62%).

"China is a deep market with over 5,500 onshore and offshore-listed companies, offering a huge opportunity set to investors," Elsie Chan, head of distribution for Asia ex-Japan, says in a statement.

"It remains a fertile hunting ground for investors seeking sustainable businesses and potential excess return opportunity through bottom-up fundamental research," Chan adds.

Ahmad Najib Nazlan, CEO of Maybank AM Malaysia, says the strategy is the first product of its kind in the country.

"By extending our reach beyond the top 100 stocks into a universe of over 5,500 untapped stocks, this unique pivot provides us an unconstrained all-China investment approach to pick the best and most valuable upcoming companies; coupled with our ESG fundamentals to ensure business sustainability," Nazlan adds.

According to Maybank AM, while some policies implemented in China caught investors by surprise, the firm is now seeing signs that policy restriction easing is underway as the economy faces several headwinds driven by energy outages, virus outbreaks and illiquidity issues caused by some property developers.

"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. All in all, we're sensing [high-net-worth] investors are looking at the investment opportunities in China for 2022," the firm says.