FOR PROFESSIONAL INVESTORS - 31/01/2022

EM / ASIA / CHINA

2022 market outlook: Building back stability

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BNP PARIBAS ASSET MANAGEMENT

The sustainable investor for a changing world

KEY TAKEAWAYS

2021 was an eventful year.

- In common with the rest of the world, emerging market (EM) economies took a hit on growth due to numerous uncertainties, the impact of the Covid pandemic and the shift in style performance from growth to value.
- China's economy started 2021 well, but has since entered a policy-induced downturn. Helped by the sharp rise in external demand, Beijing tightened its macroeconomic policies to slow infrastructure and property spending, and imposed tougher regulatory scrutiny to solve the domestic problems of wealth inequality and declining fertility.

We are constructive on China equities for 2022, despite near-term volatility.

- The market should gradually recover from the earlier style rotation and ongoing regulatory tightening. Near-term challenges are unlikely to change the longer-term economic recovery trends. Structural growth factors should take over as the regulation cycle subsides.
- The government still has fiscal and monetary ammunition for further targeted stimulus, if needed. With growth stability becoming key for China in 2022, a more accommodative policy and fiscal environment presents increasing opportunities to pick up fundamentally solid long-term winners in the market at a more reasonable valuation.
- Stock selection is key. We focus on structural themes: innovation, consumption upgrading, industry consolidation.

We are selective in EM / Asian equities for 2022.

- Covid-19 uncertainties, tighter domestic and global monetary conditions and moderating exports all imply near-term volatility. The growth path across EM will depend on how the pandemic evolves and the governments' policy responses to it. These uncertainties are likely to dent but not detail structural positive forces in EM economies.
- The monetary policy tightening cycle looks set to get underway in 2022 for most EM economies. Fiscal and current accounts are in better shape than before which helps the policy support toolkit. Modest valuations, light investor positioning and fundamentals are buffers for Asian and EM stocks to withstand near-term volatility.
- We continue to focus our active stock selection in selected technology names, consumption turnaround, robust financial companies, as well as the appeal of Indian and ASEAN digital opportunities.

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CHINA OUTLOOK – GROWTH STABILITY & PRAGMATISM

MORE PRAGMATISM TO MAINTAIN GROWTH STABILITY

Over the course of the pandemic, China's path back to economic normalisation has been uneven. After a V-shaped recovery in 2020 led by firm industrial production, China's growth has lost momentum since Q3 2021 as further virus outbreaks, power shortages, intensified regulatory tightening and property tightening weighed on the economy.

Over the past two years, China has unveiled strategies such as 'common prosperity', carbon neutrality and a drive to control disorderly capital growth. These hit the country's long-term development but also gave rise to market volatility. As a result, Chinese equity markets underwent a large correction in 2021, with MSCI China correcting 21% in 2021.

2021 also saw a large sector rotation in which old-economy sectors such as energy, capital goods and materials outperformed. Further downward revisions in corporate earnings put more pressure on the markets given the high base effect from last year and the uneven recovery.

Since Q4 2021, China's authorities have been swiftly taking steps to stabilise the economy and fine-tune industry policies, sending a positive signal to investors.

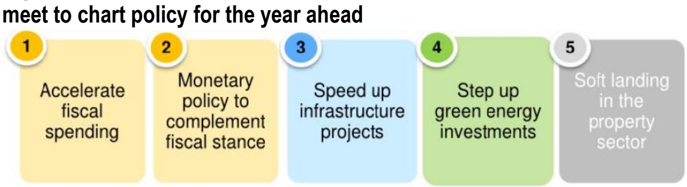
Beijing has made growth stability its overriding priority for 2022 (see Figure 1). Against a backdrop of muted inflationary pressures, the People's Bank of China (PBoC) started to ease policy moderately, by cuttting banks' reserve requirement ratio (RRR) by 100bp since July 2021, as well as cutting policy rates (first time since April 2020).

While the world gradually enters a tightening cycle, it is unlikely, in our view, that the PBoC will open widely the monetary floodgates, as it prefers to avoid sending out strong policy easing signals that could fuel inflation and derail the government's debt reduction and 'Go Green' efforts. Over the past two years, Beijing's tolerance for slower growth has grown; it accepts that it is a price that must be paid when prioritising debt reduction, cutting carbon emissions and implementing further reforms.

While near-term volatility could inflict downside risks on Chinese equities, a number of factors are emerging for the economy to stabilise in 2022, given the room for further selective stimulus.

China is focused on stabilising the economy and fine-tuning macroeconomic policies, as it aims to strike a fine balance between long-term strategic goals and near-term impacts on the economy. We believe that this macro-policy backdrop should be supportive for asset prices in the medium term.

Figure 1: Guidance from CEWC* in December 2021, where top officials meet to chart policy for the year ahead



Source: *CEWC: Central economic work conference. Data as of January 2022.

BETTER POLICY CLARITY

During 2021, industry regulation took centre stage, mainly impacting Chinese offshore stocks. The ongoing regulatory scrutiny has been unprecedented in terms of the duration, scope, severity and velocity of the new policy announcements.

The peak is probably behind us in terms of regulation frequency and intensity, as the regulation cycle is entering a phase in which the government is likely to focus on fine-tuning and implementation. Pragmatism is taking center stage amid normalisation in the recovery. The regulation cycle should also improve in terms of policy clarity for investors. Addressing social inequalities, demographic issues and defending China's national security are the main drivers behind such scrutiny.

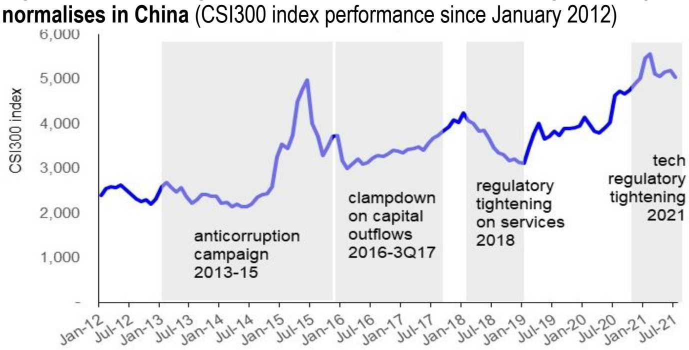
Further recent announcements include the reported ban of variable interest entity (VIE) overseas listings by Chinese regulators on 1 December, citing data secruity concerns. On 2 December, the US Securities and Exchange Commission finalised plans for a new law that would require foreign companies to make their audit books available for review or risk being delisted from the equity markets. A number of alternatives are being offered for Chinese American Depository Receipts (ADRs), including conversion to Hong Kong-listed shares or seeking a secondary listing in Hong Kong, the latter being the most likely path for such assets.

The apparent improvement in China's current regulatory cycle should be supportive for equities, mainly for the internet names affected the most. The regulation cycle may be transitioning the to implementation stage where improved policy transparency can help investors better price the regulatory impact on earnings and equity risk premium.

Regulations are not new in China. Many Chinese companies are no stranger to the idea of government-mandated changes in their operations. Their ability to adapt to changes such as those implemented in 2021 partly explains why Chinese markets are extremely dynamic. Based on historical evidence, the regulatory cycle generally creates short-term shockwave but the mid- to long-term equity performance is mainly driven by the structural growth factors that remain largely intact (see Figure 2).

Under the new regulations, the manufacturing sector has regained favour under China's 'dual circulation' policy and Beijing's new reform tactics. We should expect the government to further channel liquidity to priority investments in the green economy, climate control, new energy, high tech and high value-added manufacturing, which creates new investment opportunities.

Figure 2: Structural growth driver takes over once the regulation cycle normalises in China (CSI300 index performance since January 2012)



Source: BNPP AM, CEIC, Data as of September 2021.

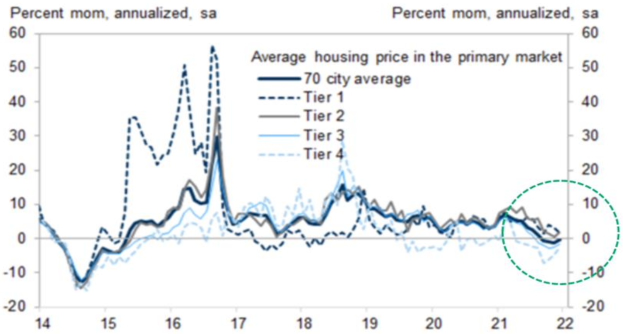
PROPERTY DOWNTURN EASING

Amid the broader regulatory reforms aimed at 'common prosperity', 2021 proved to be harsh for the property sector. Since H2 2020, China has introduced a series of regulations to prevent property markets overheating, with measures including the 'three red lines' to control developer debt. The limit on banking has tightened down how much commercial banks can lend to the property sector.

As a result, China's crackdown on its property sector has generated a crisis of confidence regarding the health of highly indebted developers. Sales of new property have also dried up, removing a key source of financing and leading to weaker construction activity and more debt restructurings. The tightening intensified in late 2021, raising market concerns over the risk of contagion across the sector and to the wider economy.

We are seeing more supportive policy signals to prevent systemic risk. Policymakers have begun shifting to a more supportive stance on the housing market in recent months via monetary and credit/mortgage measures, as well as encouraging M&A and Hukou incentives, all to limit the contagion effect (see Figure 3). Any adverse macroeconomic spillover to the broader economy and financial markets should thus be relatively well contained, in our view. With the PBoC's latest easing move, the credit impulse has likely bottomed out. Although the authorities maintain that 'housing should be living, not for speculation', they also stress that a healthy property market is important for economic stability.

Figure 3: China's 70-city average property prices have stabilised, limiting the contagion effects.



Source: NBS, Goldman Sachs Global Investment Research, as of 15 January 2022.

SUPPORTIVE TECHNICALS

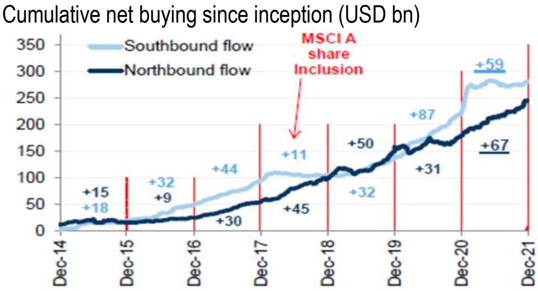
Compared to early 2021, China equities' valuation has retreated to a more reasonable level since the market correction. The MSCI China index price/earnings ratio has dropped to 12x and the price/book ratio is trading at 1.47x (as of 3 January 2022). Index valuations are at recent-year lows and at a significant discount to global equities. In particular, China offshore tech (internet) names are trading 27% cheaper than US tech stocks.

International investors remain underexposed to China in their global portolios. Although flows to active mutual funds have improved recently, they are still 450bp underweight. Northbound flows (to China onshore equities) remained surprisingly strong through 2021. Annual net buying reached USD 67 billion, mostly led by A-share outperformance, a stronger renminbi and a sizeable universe of A-shares that have been hit less hard by policy changes (see Figure 4). Southbound inflows were strong during Q1 2021 but faded during the rest of the year. Onshore investors may now reinvest in Hong Kong as it offers cheaper valuations and more diversified investments, mostly in 'new economy' names.

Cheap valuations and underexposure in China equities create a good entry point for long-term investors to capture attractive and sustainable growth opportunities on a stock-by-stock basis, especilaly in business areas aligned with the government's strategic priorities. We expect to see more divergence in stock performance as the market focus should gradually turn back to fundamental and sustainable growth.

Figure 4: Northbound net buying reached an all-time high in 2021, reflecting continued interest from international investors in A-shares

Cumulative net buying since inception (USD bn)



Source: EPFR, MSCI, Wind, Goldman Sachs, as of 6 January 2022.

INVESTMENT IMPLICATIONS – STAY CALM, STAY SELECTIVE, STAY LONG-TERM

The overall shape of our portfolio has not changed as we remain focused on three major investment themes related to the structural growth trends in China (see Figure 5). These themes should stand the test of time regardless of external factors such as Covid and Sino-US tensions.

- **Technology & innovation**

China's economic transformation from cheap labour-based manufacturing towards medium to high-end manufacturing is supported by the size of the domestic market, higher R&D spending and a vast talent pool.

China actively promotes technological development not only to better reduce its dependence on the US, but to enhance the productivity of its large traditional sector in the face of an ageing population. The beneficiaries of this theme stretch beyond the traditional technology enablers (software, hardware) to include companies offering genuine innovation. Industrial upgrade has gained pace. Biotech, life sciences, energy transition companies and 'old economy' names transforming digitally offer long-term opportunities, in our view.

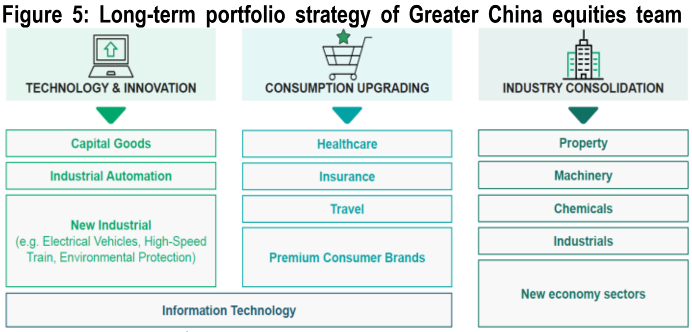
- **Consumption upgrading**

Beyond looking for premium products, Chinese consumers are now targeting better lifestyles. The beneficiaries of this trend go beyond traditional retail sectors. Consumption services such as healthcare and entertainment are relatively underpenetrated and increasingly gaining market share. This vast universe includes emerging local brands that are gaining awareness among consumers.

- **Industry consolidation**

Industry consolidation in China in recent years has been led by regulatory tightening on new capacity, environmental cost pressures, higher financing costs and the upgrading of industrial infrastructure. As China's growth pace moderates after its rapid expansion, companies need to look beyond simple revenues and focus more on R&D, productivity and brand equity. Those with progressive mindsets should increasingly pull away from the competition and likely drive consolidation in both the old and new economies.

Figure 5: Long-term portfolio strategy of Greater China equities team



Source: BNPP AM, as of January 2022.

Stay calm, selective and long-term. We continue to monitor the risks very closely, bringing measured adjustments to mitigate the risks in the portfolio while capturing the highest alpha opportunities. What matters to our team is the sustainability of company earnings, whether in the face of Covid, policy changes, technology disruption or any other challenges. As the divergence in stock performance should continue to widen, we remain focused on our active, bottom-up stock-picking approach, identifying the highest-quality growth companies that have sound or improving ESG profiles and are delivering sustainable earnings growth.

ASIA / EM OUTLOOK: BUMPY UPCYCLE UNDERWAY

RISING VACCINATION, BUT AT DIFFERENT PACES

As growth moderates and the US Federal Reserve (Fed) starts to raise interest rates, the pace of GDP recovery in 2022 will likely differ among EM economies depending on each country's Covid tolerance policies.

2021 was challenging for Asia and EM economies faced with Covid-19 related economic disruption, China regulatory tightening and the sluggish rollout of vaccination programmes in many countries.

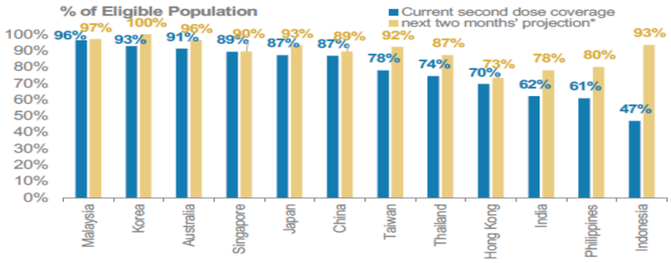
Asia's effective controls at the start of the pandemic allowed for an early normalisation of domestic demand, maintaining its status as the main engine of global growth.

Yet, in 2021, slower vaccination rates left in particular ASEAN more exposed to further Covid waves. South Asian and ASEAN economies were mainly hit during H2, while North Asia was less affected, helping its export momentum.

In 2022, the course of the pandemic will continue to influence economic outcomes across the region. While China will continue its 'zero-Covid' strategy, countries such as South Korea, Singapore, Australia and Japan are now shifting to a focus on "living with Covid".

Rising vaccination rates should help enable growth to broaden from exports to domestic demand. They should also help mitigate the impact from the highly transmissible Omicron variant, which is a near-term growth risk for low vaccinated EM economies. Most Asian countries are expected to reach an 80% (first dose) vaccination rate in Q1 2022 (see Figure 6).

Figure 6: In Asia, vaccinations to approach 80% and above for 11 out of 12 Asian economies by February 2022



Source: Our World in Data, CEIC, Morgan Stanley Research, as of 10 January 2022.

BUMPY UPCYCLE AMID REGIONAL DISPARITIES

The bumpy upcycle in Asia, may continue in 2022 with easing supply bottlenecks and normalising export growth. Given the base effect, export growth should moderate across the region later in 2022, but should remain at above-trend levels. This is likely to be led by secular tech demand, China's countercyclical easing and excess household savings in the US.

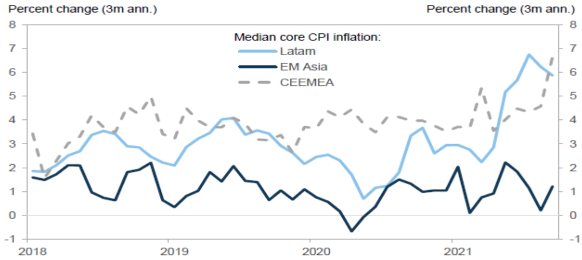
North Asia, especially mainland China, Hong Kong and Taiwan, fared relatively well early in the pandemic. The outlook for Taiwan and South Korea is heavily geared to the broader global IT cycle. After delivering strong profitability, these tech exporters are likely to see growth momentum softening as the gradual return to the office should result in less 'work from home' demand for tech products. Demand should flatten out rather than drop off sharply, in our view, as stronger corporate demand and auto-related cycle should offset much of this weakness.

The 'late reopeners' - India and ASEAN - are expected to grow faster after the Delta variant waves in H2 2021. In India, the credit cycle has shown signs of an upturn and major banks have recorded healthy loan growth. A robust fiscal and current account picture has accompanied India's cyclical acceleration. Indonesia has been a beneficiary of rising commodity prices over the last year, supporting its balance of payments, and is expected to achieve a stronger post-Covid recovery.

In other EMs, the recovery in GDP growth masks wide regional disparities. Despite concerns over slower growth, potential fiscal laxity and rising interest rates, Brazil's fundamentals appear healthier since its last recession, with improved fiscal and current accounts. Higher oil prices have supported this, and valuations in Brazil have dropped to attractive levels. Russia should benefit from a superior dividend yield outlook and the earnings push from rising oil and gas prices, but geopolitics is the central risk issue now. South Africa has begun its policy normalisation and enjoys attractive valuations.

Asia is seeing inflation rise but largely remaining within the central banks' comfort zone; in LatAm, inflation is soaring (see Figure 7). Supply constraints have led to higher input costs, but with energy price and supply chain disruptions softening, some constraints should ease. In CEEMEA and LatAm, inflation is expected to be on average above central banks' targets in 2022-23. Overall, the withdrawal of stimulus and fading pent-up demand may see inflation pressures ease, likely calming stagflation concerns.

Figure 7: Sharp divergence in inflation between Asia and other regions



Source: Haver Analytics, Wind, Goldman Sachs, as of 4 January 2022.

GRADUAL FISCAL CONSOLIDATION AMID FED TIGHTENING CYCLE

Since the onset of the pandemic, policymakers have delivered unprecedented monetary and fiscal support to cushion the fall in end-demand, including policy rate cuts, liquidity support and expanded fiscal spending. In 2021, the region was broadly on hold, except for interest rate hikes by the Bank of Korea and by the central banks in New Zealand and Singapore.

In 2022, more countries are expected to embark on monetary policy normalisation, such as India, Malaysia and Indonesia. The pace of fiscal consolidation is also likely to vary. Fiscal support in ASEAN is likely to be limited, despite upcoming elections in the Philippines and elsewhere.

EM current account balances are generally healthier compared to 2013 ('taper tantrum') (see Figure 8). In particular, the Asian region now has much greater macrostability, with lower inflation and healthier current account balances. EM currrencies generally look cheap, with Asian currencies remaining stable since H2 2021. The central banks are well positioned to normalise policy according to their growth and inflation.

Figure 8: Asia current account balances are healthier than in 2013 (current account balance % of GDP, Q4 trailing sum)

Source: CEIC, Haver Analytics, IMF, Morgan Stanley Research, as of 3 January 2022.

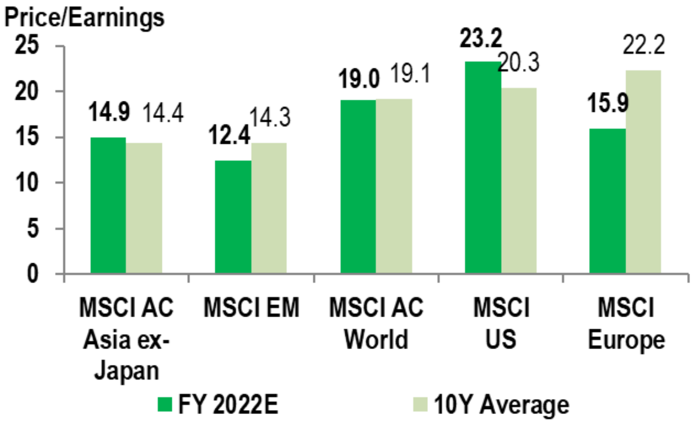
As markets digest these complexities and potential policy changes, there is much scope for active stock pickers to capitalise on misunderstood stock opportunities. We are closely watching economic reopening timelines, vaccination progress and US monetary tightening. Several elections are also due in 2022, in South Korea, Malaysia, the Philippines, Colombia and Brazil.

FAVOURABLE TECHNICALS

Positioning and sentiment indicators are supportive for EM markets. EM and Asia ex-Japan equities markets offer cheap valuations versus those of developed markets (see Figure 9). Investors are also quite underexposed to the region. Global mutual funds are nearly 800bp underweight Asia.

Given the market inefficiencies, stock return dispersion in EM is likely to remain high, which in turn should help stock picking and encourage measured risk-taking, in our view. Confidence in the market should gradually return upon a sustained reopening of activity and governments' willingness and ability to stick to prudent macroeconomic policies, providing long investment horizons.

Figure 9: Modest valuations of Asia & EM equities vs. developed markets



Source: Bloomberg, BNPP AM, as of 3 January 2022.

INVESTMENT IMPLICATIONS – ASIA / GEM EQUITIES

The overall shape of our portfolio strategy has not changed. We remain focused on our key themes and maintain our long-term investment mindset (see Figure 10). Prudent and disciplined stock selection is crucial. Our Asia / Global Emerging Markets (GEM) Equities team continues to favour high-quality companies with low debt, able to generate sustainable returns with sound or improving ESG profiles.

- **Consumption - Turnaround & digital stories**

Following Covid, we believe that consumer behaviour is undergoing some long-term structural shifts. Many governments are attaching greater importance to boosting domestic consumption and infrastructure investment. Examples are China, where the 14th Five-Year Plan focuses on consumption and quality growth; and India, which is targeting domestic demand-led growth as part of its long-term strategy.

Within consumer staples in Asia, we favour specific stocks with attractive potential (e.g. turnaround situations), as well as reliable operators with a proven multi-year ability to perform well. In China, our team is identifying long-term opportunities in companies offering margin turnaround potential (from the restructuring of distribution and/or repositioning of brand name). While we are mindful of valuations, we look for companies with earnings growth prospects in which we have a solid conviction.

E-commerce is another focal point in Asia, especially in India and ASEAN. The last two years have seen a notable acceleration of digital adoption, particularly in ASEAN triggered by Covid-19 lockdowns. We expect these changes in consumer behaviour to be structural, supported by greater consumer confidence in e-payments and other online ecosystems, as well as a higher reliance on e-retailers. We expect more e-commerce platforms and related companies to be added into the local indices in ASEAN.

Specifically in ASEAN, our long-term strategy focuses on four major themes: FDI (Foreign Direct Investment) growth, Urbanisation, Consumer Upgrades & Digitalisation. The region will continue to be one of the major growth drivers in Asia, with its structural strengths, some of the region's best demographics and a growing middle-class eager to spend. Government support for policy reform such as boosting infrastructure spending (in Indonesia and Philippines) should benefit these sectors and help gain traction in the digitalisation trend. We are selective in the Philippines, Thailand and Singapore, where we prefer value companies that can remain resilient to country-specific and external headwinds.

- **Tech / Innovation – Focus on environmental innovation**

We expect strong earnings for some of the world's largest semiconductor companies in Taiwan and South Korea. The continued global semiconductor shortage underlines the large demand for chips coming from technology advancement. Given the demand/supply mismatch, pricing power has returned in Integrated Circuits (IC) foundries, raw wafers, display panels, dynamic random-access memory (DRAM) and passive components. We expect the semiconductor industry to sustain its growth mostly in H1 2022, aided by inventory building. We favour companies that have the solid pricing power to benefit from the supply tightness.

Innovation and digital transformation are key investment themes driving fundamental shifts in business models across nearly all industries. Digitalisation, automation, artificial intelligence, cloud technology and industrial upgrades act as critical drivers of competitive advantage that could trigger tremendous disruptive forces on companies. Our team also favours companies contributing to environmental innovation – the development and application of products, services and processses exposed or contributing to sustainable environmental development or the energy transition. Innovation goes beyond tech, communication services and consumer discretionary – it also drives the growth potential of companies in new energy, new materials.

- **Financials - Towards further consolidation**

The financials sector has relatively low valuations. We see an improved outlook for loan growth and banks' non-performing loan (NPL) trends supported by the economic recovery and GDP acceleration in several countries. Although NPL ratios may creep up in 2022, a number of banks have accumulated significant provision buffers in anticipation of a challenging macroeconomic scenario. Rising EM policy rates should also support the sector. With their top lines rebounding and margins stabilising, we believe banks, particularly in Asia, are well positioned to achieve a good recovery in earnings in 2022.

We favour financial companies well placed to continue to expand their market share and achieve earnings that exceed their peers'. For instance, we see significant earnings upside in India for the well-capitalised private banks and non-bank financial companies as they gain market share from their competitors (state-owned banks and weakly capitalised private peers). We are also positive and selective on a number of Indonesian and Hong Kong financial names.

Figure 10: Long-term portfolio strategy of Asia / GEM equities team

Source: BNPP AM, as of January 2022.

Stock selection is key. Although we remain cautious on the near-term outlook amid external uncertainties, our long-term constructive view on Asian and Global EM equities remains intact, supported by: 1) healthier macrostability background, 2) rising vaccination rates and 3) compelling valuations.

POTENTIAL RISKS

Certain risks should not be overlooked, although they are not in our base case scenario. The risks to our constructive 2022 view which we are monitoring closely are:

- **Covid-19 uncertainties & impact on consumption and supply chain**: More challenging variants could yet emerge, as was the case with the Omicron variant. Rising vaccination rates and individual countries' Covid policy tolerance should help the pace of recovery. While China sticks to the 'zero Covid' approach, others have decided to adopt a 'living with the virus' strategy.
- **Sharp and sudden monetary tightening** especially if inflationary pressures persist. However, modest valuations, light investor positioning, and healthier fundamentals are buffers for the markets this time around as a Fed hiking cycle approaches.
- **Deeper-than-expected China slowdown, implying spillover effects across the region:** Property market downturn, regulatory tightening and China's zero-Covid approach have weighed on the economy. However, Beijing has positioned growth stability as a priority for 2022, sending a positive signal to investors. The pace of new regulations appears to be easing but we will continue to monitor developments ahead of China's Party Congress in Q4 2022.

ABOUT OUR TEAMS

BNP Paribas Asset Management (BNPP AM) is the investment management arm of BNP Paribas, the leading banking group in Europe with international reach. BNPP AM aims to generate long-term sustainable investment returns for its clients, based on a unique sustainabiltiy-driven philosophy. Managing EUR 502 billion in assets as at 30 September 2021, we offer a comprehensive range of active, passive and quantitative investment solutions covering a broad spectrum of asset classes and regions. With over 500 investment professionals and 400 client-servicing specialists, we serve individual, corporate and institutional investors in 69 countries. Since 2002, we have been a major player in the promotion and implementation of sustainable and responsible investing. We are backed by BNP Paribas, whose scale and A+ rating (by Standard & Poor's) gives us and our clients the secure foundations to invest and make a positive difference to people's futures.

Both our 'Asia / Global Emerging Markets Equities' and 'Greater China Equities' investment teams benefit from the considerable resources of BNPP AM locally and globally. With more than 40 investment professionals on the ground contributing to stock ideas, the two investment teams draw on the support of:

- Our Global Macroeconomic Research including our Senior Economist dedicated to Greater China to help complement our teams' macro view.
- Our Sustainability Centre: 27 professionals including experts locally based in Hong Kong supporting our team on ESG integration and active engagement.
- Our Quantitative Research Group providing with additional quantitative analyses for enhanced risk controls.
- Our additional Equity Research teams: based in India, Indonesia, Malaysia, Hong Kong and Shanghai, bringing a regional perspective.
- Our dedicated Investment Specialist team locally based in Hong Kong to actively market our capabilities.

ASIA / GLOBAL EMERGING MARKETS EQUITIES TEAM

Led by Zhikai Chen, the Asia / Global Emerging Markets Equities investment team is a local, experienced investment team based in Hong Kong and Kuala Lumpur managing assets of about USD 2.7 billion (as of 31 December 2021) across four main strategies for international investors. This award-winning team is fully dedicated in its regional equities expertise and works with a solid collegial approach in a consensus-building environment. The team follows an active, high conviction, bottom-up investment approach using the 'All-Weather Framework' to identify three distinct tiers of highest-quality, sustainable growth companies to navigate through economic or market cycles. The team also conducts fundamental analyses (including ESG assessment) and fully incorporates ESG integration into their process. As a result of a disciplined process coupled with solid risk controls, the team has successfully achieved a proven track record in the long term.

GREATER CHINA EQUITIES TEAM

Led by David Choa, the Greater China Equities team is based in Hong Kong and Shanghai, and manages or advises on assets of about USD 2.8 billion (as of 31 December 2021). This award-winning team is fully dedicated to its China equities expertise and works in a consensus-based environment with a strong team-based approach. Their local presence and background provide a strong edge in the interpretation of political, economic and social nuances in China. Our team follows an active, top conviction, bottom-up approach, with a proprietary 'Growth Framework' portfolio allocation model, disciplined fundamental-driven process which includes fully-embedded ESG integration. This, combined with strong risk management, has enabled our team to generate consistent returns across any market conditions.

BIOGRAPHIES

Zhikai Chen is Head of Asia / Global Emerging Markets Equities at BNPP AM, which he joined in October 2020. He has over 22 years of experience in the financial industry. He brought a wealth of experience from the Monetary Authority of Singapore to Putnam Investments with a focus on Emerging and Asia Ex-Japan, and from 2012 was Head of Asia Ex-Japan Equities for Lombard Odier. He graduated from the University of Michigan (Bachelor of Business Administration) and the National University of Singapore (Master of Social Science, Applied Economics). He is a CFA® charterholder and member of the New York Chartered Financial Analyst society.

David Choa is the Head of Greater China Equities at BNPP AM, where he joined in 2012. With a solid tech-savvy experience, David has over 17 years of experience. Prior to joining BNPP AM, he worked at Fidelity Management & Research (Hong Kong) as an International Equity Analyst specialising in Asia Pacific Telecommunications. David also brings valuable experience from his prior roles as a Senior Associate in Mergers and Acquisitions Advisory at Deloitte & Touche (Hong Kong), and as a Senior Consultant in Economic Consulting Group at Deloitte Financial Advisory Services (US). David holds a Master of Business Administration degree from the Wharton School of Business at the University of Pennsylvania. He also holds Bachelor of Science degrees in Economics and Management Science at the Massachusetts Institute of Technology, in Cambridge (US). David is a CFA® charterholder and a member of the Hong Kong Chartered Financial Analyst society.

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The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay.
Investing in emerging markets, or specialised or restricted sectors, is likely to be subject to higher-than-average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions (social, political and economic conditions).
Some emerging markets offer less security than the majority of international developed markets. For this reason, services for portfolio transactions, liquidation and conservation on behalf of funds invested in emerging markets may carry greater risk.

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