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Hong Kong's role as the gateway to China

Eleanor Wan of BEA Union Investment, discusses how the regulatory changes in Hong Kong are helping the local asset managers to gain more market share, as the city continues to serve as a gateway to China.

A lot of regulatory developments have taken place within the local asset management space in Hong Kong since 2016 – and the trend is continuing. "These changes are providing local firms such as us with good governance structure an opportunity to market our expertise in the international market." states Eleanor Wan, chief executive officer of BEA Union Investment.

For example, Wan and her team are currently working on the Switzerland-Hong Kong Mutual Recognition of Funds. This regulation says that Hong Kong-domiciled funds can be registered in Switzerland for distribution, thus providing the firm with a market which is home for private banks and family offices.

THE CHINA OPPORTUNITY

Such changes, coupled with growing opportunity to invest in China, puts Hong Kong in a unique position for offshore and onshore flows in and out of the mainland.

"The Chinese culture is not the easiest to understand. Because we speak the language and can be on the ground, it is easier for us to interpret regulations which are all written in Chinese," explains Wan.

"It also enables us to be better prepared for any market fluctuations that take place," she adds.

The firm can therefore be in a position also to support global managers or asset owners who want to get exposure into China, starting with Hong Kong.

"There are programs such as Stock Connect and the future Bond Connect to facilitate this exchange. Hence, Hong Kong remains in a competitive position together with the growth in China," adds Wan.

She says that investing in China is a long-term strategy and advisers should have a fall-back plan in case of sudden changes. "While you need to be patient, you also need people on the ground to know what is happening because things can change very quickly," she adds. ■

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