

HOW HENDERSON IS VYING FOR ASIA'S NICHE

AFTER BUILDING OUT A EUROPEAN EQUITY PROPOSITION OVER THE PAST 12 MONTHS OR SO, 2015 IS ALL ABOUT MULTI-ASSET AND HIGH-DIVIDEND STRATEGIES, SAYS MABEL CHAN, REGIONAL HEAD OF WHOLESALE DISTRIBUTION AT HENDERSON GLOBAL INVESTORS.

When Mabel Chan talks to her distribution partners, she wants them to have two things at the forefront of their minds: the hard-earned status of Henderson Global Investors as an independent, conservative and long-term investor; and the firm's reputation as a specialist fund manager.

And as head of wholesale distribution for the firm in Asia, she is enthusiastic about promoting the niche focus for

highlight Henderson's status as a pure investment manager.

"It isn't necessarily that there are issues with those parents, but they have definitely led to more questions being raised by distributors since the financial crisis."

In terms of its product expertise, while Chan says the firm has previously forged a reputation as a manager of



Mabel Chan
Henderson Global Investors

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2015 in terms of multi-asset and high-dividend strategies.

DRIVING INDEPENDENCE AND PERFORMANCE

Unlike a number of its peers in Asia's crowded asset management landscape, rather than being part of a bank or insurance company, Chan is keen to

high-performing property and technology funds, it has been working hard to make clients aware of its focus on new strategies which have been in the spotlight more recently.

In the first half of 2014, for example, investor preferences steered distributors more towards emerging market funds, with a u-turn towards developed markets, including Europe and the US,

and a brief flirtation with Japanese equities, in the second half of last year.

European equities have been Henderson's most recent area of focus, particularly a long-short fund authorised for sale in Singapore and Hong Kong.

EXPERT INSIGHTS

"We want to show that we have long-term track records in many types of investment strategy, such as dividend income, European and UK equities, and including long-short," says Chan.

For example, she explains, the firm has spent almost nine months positioning its European equity capabilities in Asia, and strongly believes this is one area it can compete with its global rivals.

A SHIFT TOWARDS MULTI-ASSET AND HIGH-DIVIDEND INVESTING

For 2015, Chan explains that Henderson is backing multi-asset and high-dividend strategies.

It has already gained more than US\$17 billion in AUM for its multi-asset strategies, and now aims to expand on this success to Asia.

"Over the last few years we have done a lot of work on multi-asset funds with independent financial advisers in Europe," says Chan, "including launching tailor-made solutions such as target return, target volatility, and target pay-out products."

As for high-dividend investing, Henderson already has a flagship fund in Asia, but it does not intend to fall back just on that, she adds. "Our Asian Divi-

dend Income Fund is well-recognised by local distributors, but many of them don't realise that we also run global high-dividend strategies, with more than US\$10 billion in AUM."

DISTRIBUTION: ALL ABOUT POSITIONING

The private banks seem to be Chan's sweet-spot.

"These institutions used to be more averse to multi-asset and balanced funds because they wanted to manage asset allocation themselves," she explains. "But now they are now looking more closely at this type of product."

That channel is also more closely aligned with what Chan describes as Henderson's strength in delivering more stable performance. "This has been our emphasis over the past two years."

For the time being, multi-asset and high-dividend strategies are a tougher sell to retail banks, however.

She says there is less support in terms of training for front-line sales staff, plus they are more focused on a basic investment proposition.

With the private banks, Chan adds that she is careful to focus her conversations with private banking partners on

just one or two strategies, rather than provide a full menu.

"Doing this means we can stand out. Showing what we are good at is a really important form of brand building that doesn't require a large amount of marketing dollars."

Indeed, brand remains an important differentiator in the eyes of many high net worth and ultra high net worth clients in Asia, she adds.

She knows from previous personal experience that smaller players which are unable to match the brand strength of larger counterparts could find themselves pushed out of the market. "I worked for a Swiss fund manager with a good core brand and global relationships with key private banks. But its brand was not strong in Asia."

Cost pressure is another factor which might streamline the competition, especially, as Chan predicts, given that distributors are likely to negotiate for higher fees from the fund managers going forward, as the profit margins are squeezed.

"We have to move in line with market competition [on costs], even if we have a distributor partner who we have worked with for many years," she concludes. "Otherwise we will be out of the game." ■

