

# Hywin Holdings: Setting the Benchmark in a New Theatre

海银控股  
Hywin Holdings Ltd.

HYW  
Nasdaq: HYW

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Hywin Holdings (NASDAQ: HYW), a leading independent wealth management service provider in Greater China, and FactSet, a global provider of integrated financial information, analytical applications, and industry-leading service, recently launched the FactSet Hywin Global Health Care Index (FHGHC) to enable global investors to better capture the investment opportunities within the healthcare industry. Inspired by Hywin's healthcare insights and calculated using FactSet's proprietary datasets, the index tracks 40 stocks selected from 19 stock exchanges, covering 36 sub-sectors of healthcare, thereby representing what the two firms believe is a diversified and comprehensive benchmark of the global healthcare industry. Hubbis met recently with Nick Xiao, CEO of Hywin International and his Head of Asset Management Aaron Sung to learn more of the mission for the new index and to hear how it fits neatly with Hywin's DNA as a client-centric wealth firm delivering long-term perspectives. The big picture, Xiao explained, is that Hywin is aiming to deliver its many private clients in China and offshore refined and well-devised investment opportunities that are analytically derived, and conviction-based. The new healthcare index, he said, is a fine example of exactly that.

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**The new FHGHC** index includes companies such as Pfizer, Thermo Fisher, Johnson & Johnson, Merck, Lilly and other leading global healthcare firms, with each stock needing a market capitalisation of more than USD1 billion and daily liquidity of over USD5 million to qualify. With a maximum of 5% single-stock weighting, the index serves as a barometer of the global healthcare sector, and a new reference for fund managers and ETFs that invest in the industry.

### Created with care

"This was our idea," says Xiao, "and we believe it provides real value to clients through offering a learning platform to observe sub-sectors of global healthcare, its various business models and successful companies. Equipped with such insights, clients can better position themselves for the investment opportunities in the healthcare super-cycle that has been unleashed by the COVID-19 pandemic. Healthcare has never been more important."

He cites comments from Madame Wang Dian, Chief Executive Officer of Hywin Holdings, at the time of the recent announcement of the index. "Whether it's facing an aging society, meeting emerging medical challenges, or identifying new solutions related to pandemic mitigation, this [healthcare] industry sits at the crux of what is most important to global investors and business leaders alike," she said. "This important index in collaboration with FactSet will empower our clients with greater actionable knowledge on this dynamic industry."



### MADAME WANG DIAN

CEO of Hywin Holdings, unveiling the FactSet Hywin Global Healthcare Index at the launch ceremony on July 2 2022

### A timely innovation

Xiao knows just how important global healthcare investment opportunities are to Hywin clients nowadays, but also knows just how complex the sector can be to understand. "This means that a combination of portfolio diversification and sharp focus on winning trends and technologies is needed," he reports. "This index is meant to fulfil that role, as an enlightening benchmark and portfolio guide for building sectoral exposure for the long term."

optimised diversification within the healthcare sector. As global investors continue to allocate their wealth across more sectors and thematics, index-based solutions will become crucial building blocks of their investing process."

FactSet, listed on both the NYSE and Nasdaq, delivers content, analytics, and flexible technology to more than 170,000 users worldwide, aiming to give investment professionals the edge to outperform with informed insights, workflow solutions

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Jeremy Zhou, Vice President, Head of Index Solutions at FactSet, said in the release: "FactSet is pleased to collaborate with Hywin on this initiative to help investors appreciate the economic logic and technical merits of passive investing, trend participation, and

across the portfolio lifecycle, and industry-leading support from dedicated specialists.

The new index is published on a daily basis and available on global financial media, data terminals, and broker platforms starting from July 1, 2022.

## Motivations and missions

Aaron Sung, Head of Asset Management at Hywin International, drills down into some of the motivations and missions around this initiative. “This move is predicated on our DNA as a truly client-centric firm, focused on delivering the best advice and ideas and portfolio curation to our clients across generations,” he says. “We like to be inclusive of the families and build relationships for the very long view. Healthcare is very strategically important to us and clients, it is like a second conversation we want to have with client families, so with this new index we are boosting our efforts and commitment in this area.”

Sung says that in today’s world, wealth and health are of almost equal weighting in clients’ aspirations and worries, fears and concerns. “We do not see healthcare as a thematic, a flavour of the month or the year type strategy, we see it as part of our DNA within our approach to clients,” he explains.

## Demystifying access

But Sung says that as clients have focused increasingly on healthcare since the pandemic struck, they have increasingly realised the complexities of the industry and how it requires a rigorous and intellectual approach to understanding the opportunities around the globe.

“It has been hard work,” he says, “and over the past two years we have really accumulated quite a lot of intellectual capital within the firm about healthcare, the key companies and the emerging trends and technologies. “The next step was to put that into action for our clients, and that is how our



### AARON SUNG

Head of Asset Management of Hywin International, presenting the FactSet Hywin Global Healthcare Index to Hywin’s 130,000 clients in Greater China via live broadcast on July 2 2022

relationship with FactSet came about. The mission was to devise an efficient and accurate filter through which we end up with 40 stocks in the industry, spread across the globe and representing the finest, we believe, in the industry.”

Of course, this all has commercial value to Hywin. He explains that this new index is not merely targeted at Hywin’s wealthy onshore clients numbering around 130,000 or the offshore tycoon clients who avail themselves of

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### Your world of healthcare

The 40 stocks are located in key markets such as US, UK, Europe, Japan and Australia and have a combined market capitalisation currently of more than USD 5.5 trillion. “With the maximum single-stock weighting of 5%, we also curate a remarkably diversified view of the worldwide healthcare sector,” he reports.

Hywin’s award-winning family office offerings out of Hong Kong.

### Democratising the opportunities

“An important target group here is the lower client segments in terms of wealth,” Sung says. “It is they who need the most help in accessing such opportunities across continents and across

dozens of stock exchanges, and ETFs are an ideal participation platform for such clients who are large in number but relatively smaller in investible wallet.”

“With the launch of the index and ETFs tracking it, Hywin has become probably the first Chinese wealth manager to compete and excel across the highly-bespoke UHNW segment, the process-driven HNW segment, and the mass affluent segment that requires automation and almost zero marginal cost of AUM acquisition to be meaningful.”

### A guiding hand

Sung explains that Hywin aims to guide clients of all wealth segments to allocate substantial amounts of money into conviction-based, long-term committed investment strategies and vehicles. “We are not about churning, we are not about monetising client greed and fears, we are all about strategic conviction, as a research-driven investment house for our clients.”

As for ETFs, Sung explains that these are low costs, high liquidity, high transparency vehicles



### AARON SUNG

Head of Asset Management of Hywin International, chairing a panel discussion with senior representatives from FactSet, BOCI, Carlyle, FTLife etc on the trends in global healthcare and the index as the means to ride on them

whereby clients can participate in fascinating, high growth sectors such as healthcare. “Whenever a strategic narrative is interesting and thoroughly validated, we can use indices, passive funds, and ETFs to turn a novel into a movie, so to speak.”

### In search of excellence

Xiao closes the conversation by commenting that the new venture with FactSet is further evidence of the drive to present Hywin as

a leading wealth manager that is intent on and expert in delivering clients highly relevant and well-devised ideas and opportunities for participating in key areas of the global investment markets.

“We strive towards excellence all the time,” he concludes. “This new index is the latest in a long stream of initiatives that we are delivering to our clients, and the precursor of more fascinating developments to come.” ■

