

SEEKING A BIGGER SHARE OF NORTH ASIAN FLOWS

LENNIE LIM, REGIONAL HEAD OF LEGG MASON IN ASIA, OUTLINES WHY HE IS SO OPTIMISTIC ABOUT THE POTENTIAL FOR THE FIRM TO EXPAND ITS DISTRIBUTION RELATIONSHIPS IN CHINA, HONG KONG AND KOREA OVER THE COURSE OF 2015.

For Lennie Lim, 2015 is all about growing his business in North Asia.

And in particular, following the far-reaching reforms introduced in China over the past 12 months, that market, along with Hong Kong and Korea, is top of his most-wanted list for developing Legg Mason's existing distribution relationships and acquiring new ones.

With a proven strength in bringing global products to local markets, Lim is optimistic about this strategy for the coming year.

EYEING CHINA'S POTENTIAL

Perhaps the most exciting opportunity that Lim sees going forward stems from the reforms during 2014 relating to China investing in the world, and the world investing in China.

"China, based on its GDP, is under-represented on the MSCI World benchmark," says Lim. "We know, increasingly, that the local wealth segment has to grow, meaning more money has to be put towards Chinese investment."

For foreign investors, the biggest opportunities are in relation to capital

appreciation and also diversification, he explains. Some of the factors supporting this include China's increasing focus on domestic consumption, the strength of the RMB, and the country's current account surplus, providing financial stability to any investment.

For onshore Chinese who are creating wealth, meanwhile, for example by listing businesses, more of them want the ability – along with the guidance – to manage their wealth more effectively via a broader choice. "There are so many millionaires being created in China, and for these people, plus the average man on the street, they need to diversify their investments," says Lim.

That is when the expertise of a global asset manager is called upon, he adds.

But firms need to bear in mind that the onshore mutual fund industry is relatively young at less than 15 years old. And cross-border investment schemes such as QDII, RQFII are newer still.

Inevitably, the competition will get ever-more intense as the market continues to open. So for global asset managers to stand out at this stage of its development, it is all about building up brand, to generate confidence among



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Legg Mason

local distributors, says Lim. "This will go a long way to increasing our market share as the market expands."

Legg Mason has seen a certain amount of success to date via this approach, he adds, across asset classes, in terms of AUM from local Chinese investors in the firm's funds. ■