

STEADY PROGRESS PAYING OFF

BEA UNION INVESTMENT NOW SEEMS TO HAVE THE PLATFORM AND PROCESSES IN PLACE TO START TO DELIVER A WELL-SCREENED PRODUCT OFFERING WHICH CAN CATER TO AN ASIAN MULTI-ASSET APPETITE, SAYS CHIEF EXECUTIVE OFFICER ELEANOR WAN.

BEA Union Investment is very aware that a critical success factor in Asian asset management is to focus on core competencies, and be able to execute them well.

Although it has a stated specialisation in Asian equities and fixed income, it also knows that the equities space is arguably more open to competition given ease of access. So it is the Asian fixed income market, more specifically, where the firm expects to flourish.

given the more stringent regulatory environment we have faced.”

For example, given that Asian fixed income is mostly an over-the-counter market, the firm has put in place an efficient investment platform on which its investment managers can operate, she explains.

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Eleanor Wan

BEA Union Investment

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But that can only be achieved with the right infrastructure, which is also relevant to the size of the organisation and its specific strategies.

“I feel we are in a good position as we look forward to the rest of 2015,” says chief executive officer Eleanor Wan. “We have trodden slowly and carefully during our set-up phase, particularly

and other interfaces. I want our fund managers to be 100% dedicated to managing money.”

Creating operating efficiencies via the right system and making sure there is a certain amount of automation at the same time are also important in ensuring ease of communication between the front and back offices. “I don’t

want this to have an impact on investment performance,” adds Wan. Confident that a robust and suitable platform is now in place – she tips 2015 as a year when the firm will hit the market with new products and investment strategies, and more generally an expansion of its market coverage.

EXPERT INSIGHTS

CAREFUL SELECTION

Rather than compete head-on with an already-crowded Asian equities market, however, BEA Union Investment is taking a more targeted approach based on defining a model based on a stock selection process.

"We are building a screening process," explains Wan, "where a portfolio manager spends more time focusing on how to create alpha, not just producing beta."

This involves a process of identifying around 1,000 stocks the firm wants to focus on, and then developing a system to do the screening which will streamline the choice down to 100 stocks the fund managers want to have a closer look at.

For example, the firm's Asia Pacific Flexi Allocation Fund, launched in February 2015, is an Asia Pacific (ex-Japan) equity-biased mixed asset income fund, focusing on blue chips with stable earnings and potential for dividend growth. It aims to allocate its assets in a flexible way across equities and bonds according to market conditions, and use a strategy of lower volatility to achieve high potential returns.

In terms of the investment process, all selected equities have first to pass top-down screenings where companies with large market caps and consistent

dividend growth will be singled out from their peers.

The second step involves bottom-up fundamental analysis, where the earnings cycle and financial position of each potential company will be examined in detail.

"We expect to see equity-biased mixed-asset funds gain traction, as a higher portion of equities investment helps achieve higher returns, and as diversification across different asset classes helps to reduce risks," explains Wan.

Pursuing its goals in the Asian fixed income space, she says it will build on existing capabilities in investing in credit as well as the corporate sector.

"Decreasing yields have created a challenge in identifying where we can generate yield for clients," she explains. "So our team divides itself by different market sectors to do the screening." That creates more research firepower, especially into less accessible markets or companies.

MORE INSTITUTIONALISED RETAIL DISTRIBUTION

Being more systematic also plays to the emerging preferences of its target audience – retail bank distributors. For example, the product due diligence now done by many bank distributors has become much more structured as

they want to ensure they really provide what their clients are looking for. It has almost become like servicing an institutional mandate, says Wan.

As a result, sales teams need to be able to translate technical know-how into a language and talking points which can be understood by the end-clients.

"We try to support our distribution partners in terms of helping their sales teams to better understand the regulatory guidelines required when dealing with end-clients," she says.

There is also so much market news that the firm can help distributors translate this into what it means from the perspective of investment strategy which is relevant to their clients, she adds.

ONE EYE ON CHINA

As with many of her counterparts, Wan also has her sights on making more of the opportunities opening up in relation to China.

She is watching with interest how funds passporting evolves, given the impact it is likely to have on her strategic market planning.

"Given the size of the China market, we need to give careful thought as to how we tackle the different client segments and the requirements of each one," she says. ■

