Investment standouts

AsianInvestor *reveals the leading fund houses and asset service providers of the region for 2018*

BY EDITORIAL TEAM

ASSET SERVICE AWARDS

BEST LAW FIRM, ASSET MANAGEMENT
SIDLEY AUSTIN

Relatively rarely for law firms in the asset management services space, Sidley Austin has a notable presence in both Hong Kong and Singapore, in addition to lawyers in Japan and Australia.

The organisation has been adding clients fast over the past year, including a mixture of Chinese asset owners, international private equity businesses and a sovereign wealth fund; all-told it now represents over 500 fund-related entities in the region.

While other law firms have a stronger presence in products like exchange-traded funds (ETFs), Sidley Austin has a strong business for alternatives funds such as private equity and hedge funds. It has also gained some sizeable business advisory work, including being appointed with consultancy EY to work with a regional central bank on changing local rules to promote new forms of local fund structures.

Meanwhile in Singapore Sidley Austin helped a number of associations draft responses to queries to the Monetary Authority of Singapore on the introduction of the new S-VACC fund vehicle in the city state.

Other key successes included advising China Orient Asset Management on China's first dual-currency real estate fund focused on the US, which utilises a Cayman Island's master fund, and advising Asia Investment Capital on establishing Hong Kong's first locally domiciled private equity fund under its new rules. At a time when the number of players and investors into alternative funds is growing, Sidley Austin is enjoying a strong spate of business flow.

BEST COMPLIANCE SERVICES PROVIDER
COMPLIANCEASIA

Now 15 years old, ComplianceAsia has built its business during a time of enormous change in Asia. Myriad global and regional regulatory changes over transparency have presented challenges for many investors, and offered a steady stream of business for the company.

> "ComplianceAsia works with over 100 clients that conduct regular and ongoing compliance programmes"

Two-thirds of ComplianceAsia's business is for fund organisations or vehicles, particularly for Chinese asset managers seeking to either set up or remain compliant with Hong Kong's financial and regulatory demands. They employ the organisation to help internationalise and offer enough due diligence to appeal to international investors.

In addition ComplianceAsia works with dozens of clients on corporate licence applications, as well as working with well over 100 clients that conduct regular and ongoing compliance programmes. Its Singapore business is smaller, but there it has licencing clients in the low double digits and over 50 clients engaging it in compliance updates.

A big focus for ComplianceAsia has been building in China. The firm spent a long time educating the Shanghai municipal financial services department on what its role is, and that allowed it to establish an office there and then offer services to international asset managers.

ComplianceAsia has also built a cloud-based online information system, to help answer the questions of its clients, while it partnered up with technology firms to improve its client onboarding system and create a shareholder disclosure tracking system. It has also deepened its research capabilities to offer a bespoke service for clients.

BEST AUDITOR (FUNDS AND TAX)
EY

As one of the world's principle consultancies and accounting firms, EY has long boasted a strong regional presence.

It has over 3,200 professionals in its wealth and asset management business in Asia Pacific, which together have helped it enjoy a substantial market share and seen its regional revenues rise by over 20% during 2017, including a rise of over 50% for its advisory work. It has won an array of business from new clients, including a broad variety of hedge funds and private equity funds.

EY now audits around a third of the top asset managers by size in the region, and a big chunk of Australia's retail and wholesale funds. It's also built its profile among China's mutual fund managers; EY audits over half of the top 20 mutual fund managers by AUM.

The firm participates in a broad variety of industry groups and regularly publishes research. One of the key advisory roles it played in 2017 was being appointed by an Asian central bank to help expand its appeal for new types of fund vehicles.

It was also engaged by the Hong Kong Monetary Authority to input tax details for marketing material promoting Hong Kong ETFs across the region, won IFRS 9 implementation and valuation modelling at two Chinese asset managers, and worked with a large Asian asset manager over modernising its operating model, including picking and implementing new technology solutions.

BEST INDEX PROVIDER, GLOBAL
FTSE RUSSELL

As one of the big three global index providers, FTSE Russell has increasingly sought to build its presence in Asia Pacific, in particular to take advantage of the region's pool of assets and China market potential.

Asian Investor ASSET MANAGEMENT AWARDS 2018

The index provider has been adding to its capabilities to do this. This included its takeover of the Yield Book and Citi's Fixed Income Indices, to bolster its fixed income data and analytics, which also gave it new multi-asset index options.

That helped it get some notable new mandates, including being picked as index provider for BlackRock's iShares Core 7-10 Year US Treasury bond ETF, which listed on the Tokyo Stock Exchange in September. FTSE Russell has had other notable success in the environmental, social and governance (ESG) space too; Japan's Government Pension Investment Fund picked the UK-headquartered company to provide its FTSE Blossom Japan index as a core ESG benchmark in July 2017. This was followed by Daiwa Asset Management and Asset Management One, which listed ETFs based on the index.

FTSE Russell also made strides for ESG coverage in Taiwan, partnering with Taiwan Index Plus Corp. to develop the FTSE4Good TIP Taiwan ESG index. Taiwan's Bureau of Labor Funds picked the index for its new $1.4 billion five-year passive domestic investing mandate.

Other new index successes in the region include a FTSE Bursa Malaysia MidS Cap Index and a FTSE ST Consumer Goods & Services Index in Singapore.

BEST GLOBAL CUSTODIAN FOR MUTUAL FUNDS
HSBC SECURITIES SERVICES

As one of Asia's leading commercial, retail and custodian banks, HSBC has long had a deep level of penetration in 17 regional markets. This level of penetration has increasingly helped it act as a custodian for the region's growing mutual fund industry.

During 2017 the custodian arm of the bank enjoyed a good year, particularly when it came to supporting the expanding business of foreign investment flows into China's capital markets. HSBC Securities Services (HSS) built a market share of over one-third the quota of Shanghai and Shenzhen Stock Connect programmes, while raising its market share in both qualified foreign institutional investor (QFII) and renminbi-QFII programmes, the key entrance gateways into China for foreign investors. In the latter it acts as a custodian for over half the market. It was also one of the first custodians to support Bond Connect when it began operating last year; in effect HSS could support transactions from day one.

Added to this, HSS's Custody plus platform can offer investors and integrated broker and custody platform for China's onshore A-shares, which is likely to prove increasingly important in the future. And it has built a proxy voting platform based upon distributed ledger technology, and has several other projects in mind using the new tech as well.

Regional funds say HSS offers breadth and depth of service, particularly from Hong Kong, making it a reliable custodian partner.

BEST GLOBAL CUSTODIAN FOR ASSET OWNERS
BNP PARIBAS SECURITIES SERVICES

While BNP Paribas Securities Services is not the very largest custodian in the world, it has been among the most aggressive in terms of rolling out new products and technology. That has particularly caught the eye of some of Asia's asset owners.

The France-based custodian can boast of having been picked to support the expansion of most of China's largest commercial banks as they have internationalised their operations. It was also chosen by the Asia Infrastructure Investment Bank to be its sole custodian after a fiercely competitive bidding process, and was picked by a leading regional life insurer to evaluate its credit risk coverage and liquidity ratios.

The custodian has also been developing risk analytics software to help Chinese clients monitor their exposure to ESG risks, a fast-growing area of interest among asset owners and fund houses alike in the region.

In addition, BNP Paribas Securities Services received two large institutional client mandates from Malaysian asset owners during 2017, and it received a multi-asset servicing mandate from the now-embattled Australian fund manager and asset owner AMP.

BEST BANK FOR CROSS BORDER CUSTODY
BNP PARIBAS SECURITIES SERVICES

Being part of a bank without a presence in a huge variety of global countries, BNP Paribas Securities Services has focused on building a strong cross-border custody business. While it operates in 27 markets directly, it has a global custody network that covers over 90 markets across the world.

That, combined with its energetic efforts to roll out new technological solutions, have impressed many fund houses. Its assets under custody have risen by well over 20% per annum over the past two years.

The French operator enjoyed several successes in Asia during 2017. It was the first and thus far only custodian to be appointed by Harvest and BEA Union Investment Management when they issued funds via the Hong Kong-Switzerland mutual recognition scheme. They are the only fund houses to have used the system so far.

It also launched triparty collateral service to connect collateral takers and givers, making it the first new entrant into that space in over 15 years.

Plus BNP Paribas Securities Services partnered with Axa Investment Managers to create a next-generation fund distribution platform called Funk Link, which operates using blockchain distributed-ledger technology.

Notably, BNP Paribas Securities Services also created Smart Chaser, a new predictive tool that analyses fund trades and assesses the probability of some trades failing, before taking preventative measures. The system, which began being rolled across its operations last year, could greatly help fund house trading operations reduce their risk when it comes to conducting investments in other markets.

ASSET CLASS AWARDS

ASIA FIXED INCOME (HARD CURRENCY)
ASHMORE
EMERGING MARKETS ASIAN CORPORATE DEBT

UK firm Ashmore's Emerging Markets Asian Corporate Debt fund recorded impressive performance by various key measures as of end-2017, and did so by participating in some relatively niche investments.

It produced the highest returns in the dollar-denominated Asian bond category over three and five years, while posting top-five information ratios over one, three and five years and ranking third by Sharpe ratio over five years, according to Mercer.

The fund invests purely in Asian corporate bonds, using bottom-up credit selection and top-down country selection, and focusing on liquidity management. It aims to outperform the JP Morgan Corporate Emerging Markets Bond Index Broad Diversified benchmark.

The management team has been happy to buy into less popular deals, such as the issuance by Vietnamese conglomerate Vingroup in 2013 and the credit restructuring of Mongolian Mining in 2017. The Vingroup investment in particular was a major contributor to the positive performance of the fund, said Ashmore.

Singapore-based Kon Chee Keat and Chua Ching Ching run the strategy, with oversight from Ashmore's six-person investment committee, led by chief executive Mark Coombs.

ASIA FIXED INCOME (LOCAL CURRENCY)
MATTHEWS ASIA
ASIA STRATEGIC INCOME

Matthews Asia's Asia Strategic Income fund stood head and shoulders above its rivals in the local Asia bond category for the consistent strength of its performance, which it achieved with the help of some canny currency allocations.

According to Mercer, the product recorded the highest returns in this category over three and five years; ranked top by Sharpe ratio over one and five years; and came first by information ratio over five years and second over three years.

The fund has sought out securities with potential asymmetric upside and downside risks across credit, interest rates and currencies. It uses the Markit iBoxx Asian Local Bond Index as its benchmark.

Much of the strategy's performance gains since inception can be attributed to overweights to Indian rupee, Indonesian rupiah and dollar-denominated bonds, said Matthews Asia. As of March 31, 2018, 52.7% of the fund's allocation was in local-currency bonds.

San Francisco-based Teresa Kong and Satya Patel lead the portfolio management team. Both have been on the fixed income team since the inception of the fund in 2013.

ASIA EX-JAPAN EQUITY
HERMES INVESTMENT MANAGEMENT
ASIA EX JAPAN EQUITY

Hermes Investment Management scooped the Asia ex Japan Equity fund award this year for its outstanding long-term performance, trumping all rivals in the category by most key measures.

The UK firm's Asia ex-Japan equity product ranked top over five years in terms of overall return, Sharpe ratio and information ratio, according to Evestment and Mercer—except in one area: it came second by information ratio over the period, according to Mercer.

The fund invests primarily in equity and equity-related securities issued by companies in or deriving substantial revenues from emerging markets in Asia ex Japan. Its investment philosophy prioritises limiting downside over picking stocks with upside potential, focusing on securities with an asymmetric risk-return profile.

This approach has a higher possibility of underperforming in the short term, said Hermes, but it helps locate opportunities that others might avoid and that are therefore mispriced. By taking a long-term perspective, the strategy is able to tolerate more short-term volatility and benchmark risk, added the firm.

London-based Jonathan Pines is the lead manager, who is supported by deputy portfolio manager Sandy Pei, investment analyst Maggie Sun and equity specialist James Cook.

CHINA A-SHARES EQUITY
GREEN COURT CAPITAL MANAGEMENT
CHINA A-SHARE EQUITY

Green Court Capital Management's China A-Share Equity Strategy stood out for its consistently strong results across the board, according to Mercer.

It posted the best five-year performance in the category and second best returns over one and three years. By Sharpe ratio it came top over one and five years and second over three years, while also recording the best information ratio over five years (and third best over one and three years).

The fund focuses on gaining absolute returns over a full market cycle, prioritising companies with strong corporate governance, sustainable top-line revenue, bottom-line earnings growth and recurring operating cash flow from core business activities, said Hong Kong-based Green Court.

Frank Yao and Tang Lihui have managed the fund since its inception in September 2012. They had previously worked for US fund house Neuberger Berman but left last year to form Green Court Capital. They still run Neuberger Berman's China Equity Fund.

CHINA OFFSHORE/CNH BONDS
INCOME PARTNERS
MANAGED VOLATILITY HIGH YIELD BOND FUND

Income Partners' Managed Volatility High Yield Bond fund was the standout performer in the China offshore bonds category across almost all periods and measures.

It produced the highest returns over one, three and five years, and the highest Sharpe ratios and information ratios over three and five years, according to Mercer. It only fell short of a clean sweep across all three measures by ranking second by both information and Sharpe ratio over one year.

The management team seeks to maximise risk-adjusted returns over a full economic cycle, with a particular emphasis on volatility management, said Hong Kong-based Income Partners. Its investment approach aims to identify high-yield products that generate consistent high-yield returns with a controlled level of volatility.

As a result, said the firm, the fund has tended to achieve market-level returns at times of bullish sentiment, but has generally experienced less drawdown than its rivals when investors have turned bearish.

The strategy's lead managers are co-chief investment officer Raymond Gui and senior portfolio manager James Hu. Income Partners said there has been no turnover in the investment team since the fund's inception in July 2011.

CHINA DOMESTIC FIXED INCOME
MANULIFE ASSET MANAGEMENT
CNY BOND FUND

Manulife Asset Management's CNY bond fund won the China domestic fixed income category this year on the strength of its impressive risk-adjusted returns.

According to Mercer, the fund recorded the highest Sharpe ratios over one, three and five years and the highest information ratio over one and three years. It also ranked third by information ratio over five years.

The team invests in high-quality bonds issued by government agencies, supranationals and corporates. The strategy leverages three sources of returns: interest rates, credit and currency. Of these three, alpha generated from corporate credits is increasingly important, Manulife Asset Management said.

Manulife attributes the success of the fund to its on-the-ground proprietary research, which comprises a team of 20 credit analysts located across Asia, including eight dedicated to China-related fixed income.

Hong Kong-based Paula Chan and Eric Liu lead-manage the fund, supported by a broader Asian fixed income team.

EMERGING MARKET EQUITY
HERMES INVESTMENT MANAGEMENT
GLOBAL EMERGING MARKETS FUND

Hermes Investment Management scooped this award for the consistently strong absolute and risk-adjusted performance of its Global Emerging Markets fund. The UK manager was one of only two firms to win two prizes in the asset class awards section.

According to Evestment, the strategy ranked in the top five by overall returns over one, three and five years; in the top four by Sharpe ratio over the same time periods; and second by information ratio over five years.

Hermes launched the fund in December 2008, with an aim to achieve an excess return over rolling three-year periods against the MSCI Emerging Markets Net Index.

The investment approach combines top-down analysis with bottom-up fundamental stock selection, alongside environmental, social and governance analysis. Hermes said monitoring ESG factors was essential when evaluating companies in emerging markets.

The firm typically expects stock selection to contribute about two-thirds of alpha, with the remaining third coming from country allocation.

Gary Greenberg has been lead portfolio manager since July 2011, and he is supported by the five-member global emerging markets team.

EMERGING MARKET DEBT
PGIM
EMERGING MARKETS DEBT FUND

PGIM's Emerging Markets Debt fund claimed this award thanks to its outstanding risk-adjusted performance. It ranked first in its category by information ratio over three and five years, according to both Evestment and Mercer.

In addition, over three and five years the strategy posted the third highest overall returns in its category and ranked in the top five by Sharpe ratio over the same period, according to Mercer.

The fund invests chiefly in EM hard currency sovereign debt, with allocations to EM corporate bonds, local rates and FX. It seeks to provide an annualised gross excess return of 250 basis points over the JP Morgan Emerging Markets Global Diversified Bond Index over a market cycle.

Internal relative-value models are used to evaluate countries, sectors, industries, and issuers relative to each other and to developed market debt, said PGIM, the asset management arm of US life insurer Prudential Financial.

David Bessey and Cathy Hepworth, co-heads of the EM debt team, have led the fund's management since its inception in 1996. They are supported by a 29-member team with an average of 15 years with the firm and 18 years of investment experience overall.

GLOBAL EQUITY
MORGAN STANLEY INVESTMENT MANAGEMENT
GLOBAL OPPORTUNITY FUND

Consistently high risk-adjusted and overall returns made Morgan Stanley Investment Management's Global Opportunity Fund a clear winner in the global equity category.

The strategy recorded the best returns over one, three and five years, and the highest Sharpe ratio over three and five years, according to Evestment. In addition, its information ratio ranked in the top four over all three time periods, noted the data provider.

The fund focuses on bottom-up stock selection, assessing companies over a three- and five-year investment horizon. It aims to identify and exploit systematic biases, such as an overuse of indices for portfolio construction by other market participants, misuse of traditional heuristics used to evaluate companies with unique business models and the blanket application of valuation metrics across sectors, said Morgan Stanley IM.

The fund typically outperforms when high-quality individual stocks are in favour, rather than themes or sectors, noted the US firm.

Kristian Heugh manages the fund with the support of five team members. There have been no team departures in the past five years.

GLOBAL FIXED INCOME, HEDGED
CREDIT SUISSE ASSET MANAGEMENT
NOVA (LUX) GLOBAL SENIOR LOAN STRATEGY FUND

Credit Suisse Asset Management's Nova (Lux) Global Senior Loan Strategy fund stood out from rivals for its risk-adjusted returns in the category of global fixed income, hedged.

The fund ranked top by Sharpe ratio over five years and second over three years, according to Evestment. In respect of information ratio, the results were reversed: it came first over three years and second over five.

The management team invests in higher-yielding, secured and unsecured floating-rate senior loans, and other secured and unsecured senior floating-rate debt issued by corporations.

The fund prioritises issue selection using a bottom-up, relative-value approach and typically invests in instruments below investment-grade quality. It also makes opportunistic allocations to second-lien loans, high-yield bonds and Western European credit.

> " Hermes said monitoring ESG factors was essential when evaluating companies in emerging markets"

John Popp leads a six-person team in running the fund, and he and Andrew Marshak and Thomas Flannery, two other members of the team, have managed portfolios together for 20 years.

GLOBAL FIXED INCOME, UNHEDGED
PGIM
GLOBAL CORE FIXED INCOME STRATEGY

PGIM's Global Core Fixed Income Strategy consistently outperformed its peers' information ratios in the category of unhedged global fixed income. It ranked top by that measure over one, three and five years, according to Evestment.

The fund aims to generate an average annual excess return of 100 basis points over the Bloomberg Barclays Global Aggregate Index by investing primarily in investment-grade global bonds, interest rates, currencies and derivatives.

It employs a risk-budgeting approach that places thresholds on country, sector, security, quality and currency exposures.

Research and relative value are the core of the investing process of PGIM, the asset management arm of US life insurer Prudential Financial. It starts by assessing global risk, and then country and term structure, currency and sector positioning, securities selection and risk management.

The fund is run by a 22-member global bond team led by Robert Tipp, chief investment strategist and head of global bonds, and Michael Collins, senior portfolio manager. The duo have co-managed the strategy since 2012.

GLOBAL REITS
PRINCIPAL GLOBAL INVESTORS
GLOBAL REAL ESTATE SECURITIES INCOME PREFERENCE FUND

Principal Global's Global Real Estate Securities Income Preference strategy took the prize in the global real estate investment trust (reit) category with its strong, consistent performance.

Over three and five years the fund recorded the highest information ratio and ranked in the top three by Sharpe ratio, according to Mercer.

The strategy aims to both deliver consistent risk-adjusted excess total returns and excess income return over the FTSE Epra/Nareit Developed NTR index through bottom-up stock selection.

Portfolio construction is driven by a barbell approach, combining high-yield holdings with high-growth holdings to create a portfolio that aims to be highly differentiated from the benchmark, said US-based Principal Global. The US firm's Reit capability was developed in 1998 by Kelly Rush, chief investment officer for global real estate securities, who continues to lead-manage the product today, along with Tony Kenkel and Simon Hedger. All three have managed the product since inception, supported by a 16-member global reits team.

JAPAN EQUITY
MITSUBISHI UFJ
DEDICATED SMALL CAP37 (JAPANESE ONLY) FUND

Mitsubishi UFJ's Dedicated Small Cap37 (Japanese only) fund posted consistently outstanding overall and risk-adjusted performance over several years, earning it our Japan equity award this year.

According to Evestment, the fund produced the best returns in its category over one, three and five years. It was also top ranked for both Sharpe and information ratios over three and five years.

The management team generally targets small-cap firms in their early stages, investing in 100 to 120 stocks with a maximum weight of 3% per name.

It seeks out idiosyncratic business models and structural growth themes at reasonable valuations, maintaining continual contact with a large number of small companies, said Mitsubishi UFJ.

Japan's small-cap market is often inefficient because sell-side coverage is poor, added the firm, and each of the five team members interviews 250 to 300 companies annually to identify attractive investment themes quickly.

Chief fund manager Yoshiro Mizukami has led the strategy for 13 years and is supported by four small-cap analysts.

JAPAN FIXED INCOME
MEIJI YASUDA ASSET MANAGEMENT
JAPAN BOND FUND

Meiji Yasuda Asset Management's Japan Bond fund was the clear frontrunner in the Japan fixed income category thanks to the consistency of both its overall and risk-adjusted performance.

It posted the highest Sharpe ratio in its category over one, three and five years, and the highest information ratio over three and five years, according to Mercer. It also recorded the highest overall return over one year and the second highest returns over three and five years.

The Bank of Japan's yield curve control policies over the last few years have proved challenging for the fund, Meiji Yasuda AM said, but it has found opportunities through going overweight on credit to generate returns from earning higher carry.

The management team has also sought out alpha opportunities by tracking price behaviour over a much shorter time frame, the firm added, and increasing both the frequency and volume of transactions.

Yasuhiro Suga lead-manages the fund, alongside five portfolio managers and five credit analysts.

SMART BETA
ENHANCED INVESTMENT PARTNERS
ENHANCED DYNAMIC MODERATE ACTIVE FUND

Enhanced Investment Partners' Enhanced Dynamic Moderate Active fund was the outstanding performer in its smart beta category, according to Evestment figures.

The product produced the highest overall returns versus its category rivals over three and five years, while ranking top by Sharpe ratio over five years, and second and third by information ratio over five and three years, respectively.

It is a quantitative US equity overlay strategy developed to complement institutional investment portfolios, and employs a variety of US active equity managers.

The fund is designed to identify performance cycles for stocks by style (growth and value) and capitalisation size. Its allocation strategy indicates when it is time to tilt away from an underperforming style or cap size and into an outperforming one, said Enhanced Investment Partners.

Equity portfolios are expected to remain fully invested throughout all market cycles, added the firm, stressing that it does not employ tactical asset allocation or market timing.

Investment portfolios using the Enhanced Dynamic fund are expected to derive positive risk-adjusted returns against all relevant domestic equity benchmarks over a full market cycle, said Enhanced Investment Partners.

The Best Asian Hedge Fund, Best Asian Private Equity Fund and Best Asian Real Estate Fund awards will be announced at AsianInvestor's Asset Management Awards dinner on May 31.

MARKET AWARDS

AUSTRALIA
PLATINUM ASSET MANAGEMENT

Platinum Asset Management's experienced team of fund managers put some sophisticated investment strategies to work in 2017 to deliver table-topping performance. Five of Platinum's investment funds returned above 30% last year with its flagship International Fund returning 27.4%.

In the year to end-January 2018 funds under management rose by A$4.8 billion ($3.7 billion) or 21%, owing to a mix of net inflows and strong performance in equities. Total assets now stand at A$28 billion. The year saw Platinum announce plans to launch exchange-traded versions of its international and Asian funds, and cut management fees across several of its products—moves aimed at capturing the increasing popularity of ETFs.

In July this year the Platinum Group's long-standing chief executive Kerr Neilson will reduce his role to executive director and hand over the top job to co-founder and current chief investment officer Andrew Clifford. Both men carry the DNA of the firm in their blood, suggesting the transition will be effortless.

CHINA
PING AN ASSET MANAGEMENT

Ping An Asset Management has made great efforts to expand its business and serve institutional investors other than its parent company Ping An. It is now the biggest insurance asset management firm in China.

Established in 2005 as the asset management arm of insurance giant Ping An, it was one of the first asset managers approved by the now-defunct China Insurance Regulatory Commission. The company had Rmb2.67 trillion ($423.23 billion) in assets under management (AUM) as of the end of June 2017, up 18.1% from the previous year.

The AUM of its third party asset management business, which come from sovereign wealth funds, pension funds, endowments, insurers, banks and other enterprise customers, is now over Rmb800 billion, ranking first among insurance asset managers.

The asset manager has also evolved into one with a complete research and investment decision system, instead of passively implementing mandates from its parent company. It offers customised products and services to a variety of overseas clients on the basis of diversified models, helping these institutional investors improve their understanding and allocation of the Chinese market, among them a global top five sovereign wealth fund in China.

In 2017, the fund house established 58 new products, further enriching the comprehensive layout of the product line.

CHINA OFFSHORE
HAITONG INTERNATIONAL ASSET MANAGEMENT

Haitong International Asset Management is one of the largest mainland asset managers in Hong Kong. It managed HK$66 billion ($8.41 billion) of assets as of end-December 2017, a big jump from HK$5.8 billion five years ago. The company successfully leveraged the network and resources of its parent company Haitong Securities to expand its business in the city.

Through its three entities, the fund house has a comprehensive suite of product offerings, including Hong Kong-authorised funds, ETFs, Mandatory Provident Fund (MPF) offerings, private funds, high-yield bonds and others. In 2017 alone, Haitong launched 10 new private and public funds. One innovative solution that it created last year was the Haitong Freedom Multi-Tranche Bond Fund, which gathered $1.7 billion in assets in a year and a half, making it one of the largest offshore funds investing in China's high yield bond market.

The fund house is also the only mainland asset manager in Hong Kong with registered schemes under the MPF, Hong Kong's compulsory retirement savings plan. Its Haitong Hong Kong SAR Fund gained a strong investment return of 50% in 2017, compared with the 34.4% on average for the equity funds and beating the 22% on average for the 469 MPF products.

HONG KONG
JP MORGAN ASSET MANAGEMENT

JP Morgan Asset Management (JPMAM) continued enhancing its investment and advisory services to Hong Kong institutional clients through innovative and thoughtful solutions in 2017.

Risk assets, especially emerging market and Asian equities, saw strong growth last year on the back of accelerated global growth and continuously improving fundamentals. JPMAM products delivered superior performance in such areas, creating considerable value in client portfolios. These include the JP Morgan China Income Fund, which recorded a 30.7% annual return in 2017 and had its assets under management (AUM) grow more than sixfold from $60.1 million as of end-2016 to $384.3 million as of end-2017.

With global geopolitics heightening market uncertainty in 2017, the fund house also launched the JP Morgan Multi Balanced Fund, targeting those who want to stay invested with a low-volatility solution. The fund has drawn robust inflows in the nine months since its launch, reaching $284 million in size as of end-2017.

In the Mainland-Hong Kong Mutual Recognition of Funds (MRF) space, JPMAM maintained a strong position; its two fund products dominated the total gross sales for all northbound funds. During the year, the fund house also started applying machine learning to the trading process for the investment team, identifying the best possible broker and strategy to execute trading orders.

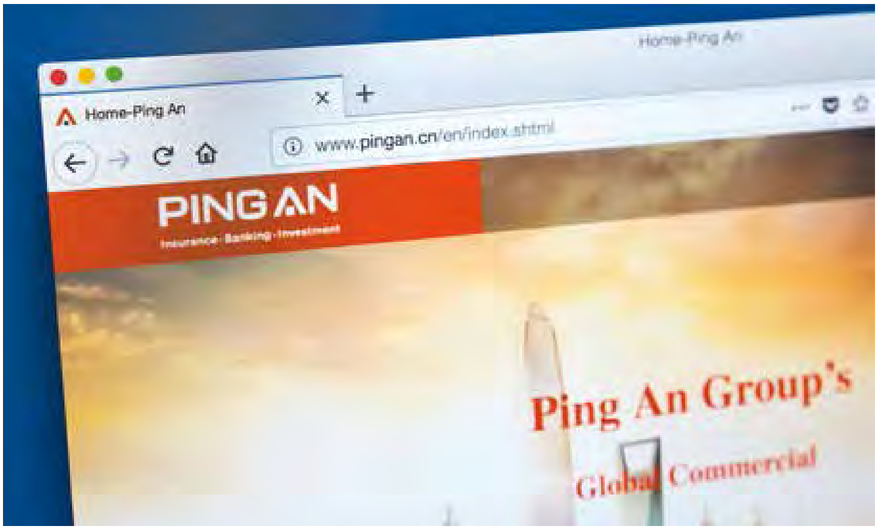
INDIA
ADITYA BIRLA SUN LIFE ASSET MANAGEMENT

During 2017, Aditya Birla Sun Life Asset Management (ABSL AM) enjoyed some enviable growth in AUM, driven by strong demand for equity schemes and balanced schemes (which are typically a 60:40 mix of equities and bonds). Seven of its equity fund schemes crossed the $1 billion dollar-AUM mark last year, up from just three funds before.

The asset manager's overall strategy has been very successful, particularly when it comes to targeting retail investors—3.9 million invest with it. This has helped ABSL AM bring about more balance into its AUM mix; in previous years it had been heavily dependent on institutional clients.

With some key changes in pension fund investment guidelines, provident funds have turned into a new focus area for growth as well as equity sales for the company.

ABSL AM continues to invest heavily in educating investors on the benefits of long term investing, especially against the robust demand for systematic investment plans, which help investors save a certain amount of money at regular intervals (either weekly, monthly or quarterly).



INDONESIA
PT MANULIFE ASET MANAJEMEN INDONESIA

One of the most interesting facts about Manulife Aset Manajemen Indonesia (MAMI) is that more than half of its 115 employees are millennials. This youthful workforce helps underline the fund house's determination to understand the needs of the country's sizeable youth population, and find new ways to gain their interest.

As part of this drive it has supported various technology initiatives. This includes a new digital site, klikMAMI, which lets users open accounts and perform transactions round-the-clock. According to the fund house, klikMAMI generated nearly 7,000 new customers in 2017, and accessed from around 200 locations across the archipelago.

The asset manager has also enhanced its sharia-related capabilities. It launched a new comprehensive unit for the products in 2017, while widening coverage of its education modules to encompass sharia principles, concepts and rules. To cater to growing demand for sharia products, it launched a sukuk (Islamic bond) fund targeted at first-time investors last year.

Overall, the MAMI team has been focused on being innovative, embracing technology and finding alternative ways to engage with customers.

JAPAN
ASSET MANAGEMENT ONE

Ever since it was formed from four other asset management companies in October 2016, a chief preoccupation of Asset Management One has been to demonstrate its ability to offer a stronger array of quality asset-class products.

The company is now Japan's largest fund house and Asia's second biggest, boasting an AUM of $504.73 billion as of the end of last year. That was an 11% rise on the year before, and came courtesy of asset price rises and through gaining some new private pension clients.

Asset Management One made some notable strides to underline its strengths in 2017, especially in its equity funds. Standouts included its Growth Core Strategy, which offered over 34% returns in 2017, versus 22.2% from the Topix benchmark. Its Small-Mid Value fund outperformed its Russell Nomura MSV benchmark by 20.8%, and its Japan Equity Mid-Small Cap fund offered 27% outperformance versus its underlying

Asset Management One takes a step forward with new CEO

The new CEO of Asset Management One wants to continue to make the company one that all stakeholders are proud of as a leading global organisation.

New CEO of Asset Management One, Akira Sugano

Akira Sugano, who became President and CEO of Asset Management One (AMO) on April 1, 2018, has been involved in the asset management business for nearly 20 years, and has also dedicated many years of his career to global business. As the new President, Mr. Sugano said the main reason for AMO's selection as Fund House of the Year, Japan 2018 is that AMO focuses on leading-edge initiatives such as developing financial innovations and creating a specialised unit to further strengthen its engagement activities.

"Japan is an advanced, ageing society where individuals have a long life expectancy. At the same time, interest rates have been low for many years and money has not been moving to risk assets. There is an urgent need for people to build up assets to support their retirement years; however, this has not happened and solving this complex issue is very difficult. As China, Korea and other Asian countries face the same difficulty, I believe there are big expectations for Japan to tackle this problem as the country that is at the forefront of this issue," said Sugano.

AMO was formed in October 2016 through the integration of four asset management companies, each with a long history and distinctive strengths. "Since our formation we have focused on providing a variety of products and investment solutions to respond to issues that Japan faces such as the aging population, low interest rates and the large amount of savings sitting in bank deposits," said Sugano. "With regards to pension fund management, which we identify as one of our key strengths, we have leveraged our quants expertise on multi-asset management and other measures to provide our clients with advanced solutions. We also have considerable expertise on volatility and drawdown controls as part of our pension fund management experience. This knowledge allows us to meet the needs of individual investors, a segment that seeks security due to their limited investment horizon and risk tolerance."

More recently, we have prioritised the development of financial innovations. In 2017, AMO launched Japan's first Artificial Intelligence (AI) fund that is powered by deep learning techniques. The performance of this fund has proven its effectiveness as a new method to generate alpha. This has been very well received and AMO clients' interest in this new type of investment and their expectations for such innovations are growing steadily.

Furthermore, investors are placing greater emphasis on sustainable growth as opposed to fast growth as we live in a changing society faced with the limitations of capitalism and lower potential growth rates. One result of this is the increasing interest in ESG investing, including engagement. In response to this changing market environment, AMO has created a specialised unit to further strengthen our engagement activities.

"AMO believes our focus on leading-edge initiatives such as these is one of the reasons we were selected as Fund House of the Year, Japan 2018. Having received this recognition, I would like to further extend our investment and solution capabilities to investors beyond our home country, and I want AMO to play a role in solving common issues that other Asian countries face in today's changing environment," said Sugano.

A LEADER IN AI TECHNOLOGY

AMO has been developing AI technology since the early 1990s, and continues to acquire the latest technologies through joint research.

"In the previous decade, AMO developed risk control methods to protect assets against price fluctuations, and in the current decade, AMO expanded the application of AI techniques to multi-asset investment. We have been conducting extensive AI research involving machine learning and unstructured data mining technologies since 2015. AMO established a new unit in 2017 dedicated solely to this field, which has considerably enhanced our ability to acquire knowledge and techniques involving AI and big data, in addition to generate alpha.

"Our AI funds use a deep learning model we developed internally. Based on a large amount of historical financial data, the AI model determines the attractiveness of individual stocks, and selects those it believes will generate good return. The volume of data analysed by the model is far greater than could be handled by human fund managers or analysts, and the model also identifies characteristics humans may not necessarily notice. This new technology has given us an additional method for alpha capture and improved the quality of our investment capabilities.

"The new techniques we have acquired over the course of the years will be applied to many areas of our investment services, to both institutional and individual investors. For example, we expect these techniques will further enhance our quants management capabilities, and we also envisage our alpha generation ability will improve by combining these techniques with the skills of our fund managers and analysts. At the same time, we are fully aware that innovations quickly become obsolete without continuing research and development. AMO will therefore continue to acquire the latest technologies through joint research with partners such as universities and start-up companies in order to keep up to date with the latest developments," said Sugano.

FOCUS ON ESG

AMO has established a unit specialising in ESG and extends its engagement activities globally.

"I used to manage Japanese equity portfolios about 30 years ago, at the peak of Japan's asset bubble. At that time it was as if maximising performance was our only goal, and there was no need to think about anything else. However, in today's world, asset managers need to not only aim for good short-term performance but they also play an important role in society, by ensuring the companies they invest in are fulfilling their social responsibilities, and that their corporate governance is aligned with the interests of shareholders and society. Our ongoing efforts to encourage companies to work on ESG issues through engagement contributes to the improvement of corporate values, and ultimately leads to the sustained growth of the overall equity market," said Sugano.

AMO is one of Japan's largest index fund managers. Since index funds normally maintain their holdings without any designated time horizon, index management is both highly suitable and effective with regard to ESG principles, which is why we have been adding more resources in this area since our integration. Specifically, in 2016, we established a special unit to conduct active dialogues with portfolio companies about subjects including ESG, business strategies and capital policies. Given the importance of this theme, this unit has continued to grow. Furthermore, our commitment to engagement activities extends globally. For example, in regards to overseas markets, we have entered into an alliance with Hermes Equity Ownership Services (Hermes EOS), one of the world's largest providers of engagement services. Combining our own insights with the resources of Hermes EOS gives us worldwide engagement capabilities. Taking advantage of these resources, we launched five ESG-related funds, including an ETF, during the last fiscal year. Our products demonstrate to investors the level of commitment that AMO has for engagement with portfolio companies.

"BEING THE BEST PARTNER FOR OUR CLIENTS IS OUR HIGHEST PRIORITY"

MOST TRUSTED PARTNER

AMO aims to be its customers' most trusted partner in the asset management industry.

Being the best partner for our clients is our highest priority. While investors may face the same macroeconomic issues, each one has their own needs and requirements for solutions. We must accurately identify the needs of individual and institutional investors on a global level and work to supply products and solutions that provide medium and long-term benefits as opposed to purely meeting short-term needs.

Managing money is not AMO's only role. We must also build relationships rooted in trust by offering advice and other value-added services as a trusted partner. This is the ultimate objective of AMO and reflects the type of organisation that we aspire to be.

"I believe our continuing efforts to solve clients' problems will in turn help solve much larger social issues. Looking back at more than 20 years of my experience in the asset management industry, the importance of this business has, in my opinion, never been greater than it is today. I look forward to leading AMO to take on new challenges in order to make our vision a reality," said Sugano. ■

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benchmark, while three of its absolute-return strategies offered annual returns in the mid-30s.

Asset Management One has an eye on the future too. It teamed up with Hermes EOS to engage with foreign companies and support five new environmental, social and governance products.

Plus it launched an AI task force and a Financial Innovation Team last year, which are focused on integrating artificial intelligence into quantitative investing. This underpinned two new funds focusing on big data and AI, which have accumulated $600 million in AUM between them.

KOREA
BARINGS

While some global asset managers decided to either downsize their Korean businesses or withdrew from the market altogether in 2017, Barings expanded its AUM in the country by 30%, with net assets totalling $12.4 billion as of end 2017. That led it to become the largest foreign equity manager in the country this year. Its flagship High Dividend Equity Fund has constantly outperformed its peers and its AUM almost tripled to $389 million as of end-2017 compared with the year before.

The fund house has built strong and long-term relationships with key institutional clients including major pension providers, mutual aid groups and insurance companies. In addition, it has successfully drawn on the experience of the global investment team and achieved a synergy effect that benefits clients most.

The Seoul-based investment team actively interact with Barings' 650-strong team of global investment professionals to offer an array of investment products. It is also actively communicating with the global teams to implement ESG in company research and to introduce various developed risk monitoring tools.

The fund house was recognised by the Government Employees Pension Service (GEPS) as an outstanding asset management firm in the pure equity sector during 2017.

MALAYSIA
RHB ASSET MANAGEMENT

RHB Asset Management enjoyed strong growth in its mixed asset and Islamic funds in 2017, although assets under management for conventional equity and fixed income funds dropped. Overall, its AUM rose to RM49 billion ($12.7 billion) during the year.

The fund house has made strides on the alternative investment front in recent years. One example is a private equity fund offered to accredited investors in Malaysia, which requires a minimum subscription of RM100,000 (around $25,840); much more accessible than the typical subscription requirement of $250,000 to $1 million.

In 2017, RHB AM launched a listed real estate feeder fund and a sukuk (Islamic bond) fund, which also demonstrated its responsiveness to investor needs beyond conventional equity and bond products. There is steady demand for Islamic products in Malaysia, and the asset manager is also interested in growing its Islamic funds across the region.

RHB AM has kept up its education drive by hosting investment seminars at different locations on topics ranging from sharia investment screening methodology to the influence of sharia stocks on the broader equity markets.

Internally, the asset manager has also been aggressively upgrading its systems and controls to stay competitive.

PHILIPPINES
BDO TRUST AND INVESTMENTS GROUP

BDO Trust and Investments Group is one of only two financial institutions in the country to win accreditation for becoming an administrator for Pera (personal equity and retirement account) schemes.

Pera is a voluntary retirement savings account and as a Pera administrator, the fund house has been able to further intensify its drive to promote financial inclusion across the Philippines.

In 2017, the fund house also remained proactive in widening access to foreign markets through additional feeder funds for Filipino investors Its feeder funds provide investors access to different markets such as the US, Europe, China and Japan. Its international partners include BlackRock, LeggMason ClearBridge Investments group and China AMC.

The emphasis on investor engagement was evident in the asset manager's decision to overhaul how it communicates market situations and investment strategies to investors. Through the year, it conducted investors sessions in different provinces across the country, explaining market dynamics in more layman terms.

SINGAPORE
JP MORGAN ASSET MANAGEMENT

Assets under management at JP Morgan Asset Management (Singapore) climbed 36% to $4.2 billion at the end of December 2017; up from $3.1 billion a year ago amid relatively uncertain market conditions. The fund house is particularly

> “RHB AM launched a listed real estate feeder fund and a sukuk fund, which also demonstrated its responsiveness to investor needs”

strong in multi-asset, a category that has enjoyed high demand from Asian investors. In 2017, the fund house accounted for 15% of all multi-asset net flows in Singapore, according to its own data.

JP Morgan Asset Management continues to use Singapore as its base to expand into Southeast Asian markets such as Thailand and Philippines, adding more feeder funds in those markets while also making further inroads in the insurance-related product space.

Another notable initiative by the fund house was knowledge-sharing with institutional investors. It conducted customised events and training sessions covering topics ranging from strategic and tactical asset allocation to liquidity management and research.

JP Morgan Asset Management services both retail and institutional clients, including sovereign and corporate clients in Singapore and Southeast Asia.

TAIWAN
PINEBRIDGE INVESTMENTS

PineBridge Investments' Taiwan unit (PineBridge Taiwan) launched the first-ever Preferred Securities Fund in Taiwan early last year; it was a big success, with its AUM crossing $1 billion by the end of December. This meant that it beat popular ETFs to become the best-selling onshore fund in 2017 in Taiwan. It also meant that PineBridge Taiwan became a top fund house that manages the largest equity fund and fixed income fund for Taiwan. The local unit has been working with global colleagues to structure the product for the Taiwanese market since 2012, before successfully convincing the regulator to give the fund the green light.

After the trailblazer's success, the fund house launched two more preferred funds and it's looking to do more this year. Overall, the strength of its new fund helped Pinebridge Taiwan to grow its AUM by 48% to $3.48 billion last year. It provides a great variety of onshore and offshore funds, accessing global financial markets and serving government pension funds services locally.

PineBridge Taiwan is also committed to investor education efforts, which include channel-training and institutional seminars. As one of its banking client noted in a referral letter to *AsianInvestor*, PineBridge Taiwan won't magnify back-testing results in its favour to earn business, and it is a very decent long term investor.

THAILAND
SIAM COMMERCIAL BANK ASSET MANAGEMENT

A major player in the country, Siam Commercial Bank Asset Management (SCBAM) manages over Bt1.375 trillion ($44 billion), which accounts for 20% of the overall funds market. It added about Bt70 billion in 2017 alone.

The Thai fund house shows a growing focus on institutional investors, which is part of a strategic plan to penetrate the underserved insurance segment and university endowments in Thailand. Starting from a purely retail business, it has steadily built its institutional business, which accounts for 35% of the overall business mix currently.

It has also taken the lead in harnessing technology to build its quantitative investment capabilities. It has spent around Bt10 million to create dedicated infrastructure for advanced data analytics and launched the first artificial intelligence-driven fund in Thailand.

SCBAM has also developed a variety of online tools for its clients, including 'Fast Easy', an information and advisory platform that provides data on historical performance and basic asset allocation to investment outlooks.

In addition, it has organised educational seminars to promote financial literacy and concepts such as long-term asset allocation and portfolio diversification among Thai investors.

VIETNAM
SSI ASSET MANAGEMENT

SSI Asset Management has been actively working with local regulators to develop a pensions product industry and regulations to create distressed asset funds. The latter in particular could go a long way in resolving the non-performing loans challenge of the banking sector.

In a fledging market for asset management, SSI AM's business development team has undertaken a slew of initiatives to educate distributors who, it believes, are key to educating retail investors about the benefits of stock market investing as well of letting professionals manage investments.

While commercial banks currently do not participate in distributing mutual funds, they are expected to become an important distribution channel in Vietnam. In a proactive move, SSI AM has been partnering with commercial banks to introduce mutual funds and discretionary portfolio management services for high net worth individuals and other clients. While online trading of mutual funds was not permitted in Vietnam in 2017, the fund house started preparing its trading platform well in advance in anticipation of a change in regulation. In addition, a revamp of the company's website was initiated to make it more investor-friendly. It was a sensible move; Hanoi gave online trading the official go-ahead in early 2018.

MARQUEE AWARDS

BEST CONSUMER BANK
CITI

When it comes to appealing to affluent investors, Citi remains the bank to beat.

The bank enjoyed a good year in 2017. Investment sales grew by over one third, while its investment AUM expansion was almost 20%. Citi's regional AUM was well over $200 billion, most of which comes from consumer bank customers.

Citi has no in-house fund operation to support, so its fund selectors are particularly rigorous and will drop funds that appear to have lost their mojo or not be best-set for upcoming market conditions. Over half the funds it picks are made available to premier customers.

Other services include Citi helping its clients measure their correlation risk on both investment holdings and other

PineBridge Leads in Taiwan with Preferred Securities Fund

The fund's AuM has reached $1 billion and offers the features and characteristics of both stocks and bonds

In Taiwan, where the general population is ageing, investor preference for high yield and low volatility has propelled PineBridge Preferred Securities Income Fund to become the largest onshore equity fund by assets under management.

Besides the need to invest for retirement, the current low interest-rate environment and the return of volatility have led domestic investors to seek better returns, says Ann Yang, CEO of PineBridge Investments Taiwan. However, higher return assets are often associated with higher risks.

The popularity of the PineBridge Preferred Securities Income Fund is due to its stable and relatively high dividend payout, compared with products such as investment grade and US government bond funds. The fund is also less volatile than equity or high-yield bond funds, says Yang. The fund's higher return and lower risk profile is unique compared with other fixed-income instruments, she explains.

Prior to the fund's launch in January 2017, retail investors in Taiwan had no access to such funds. "We had first-mover advantage. Following the launch of our fund, there were others who followed in our footsteps," says Yang. The launch of the first preferred fund was very successful, taking only one year to reach $1 billion in assets under management. PineBridge was recently awarded AsianInvestor's Fund of House of the Year in Taiwan.

Ann Yang, CEO of PineBridge Investments Taiwan

STRENGHTENING PORTFOLIO DIVERSIFICATION

Preferred securities, which are sometimes referred to as "hybrids", combine the features and characteristics of both stocks and bonds. Preferred securities generally pay fixed or adjustable rate distributions to investors and have preference over common shares in the payment of distributions and the liquidation of a company's assets.

The preferred securities market has expanded, notably after the global financial crisis of 2008. Since then its attractive mix of investment attributes has helped fuel increased investor interest. Due to regulatory and rating agency capital requirements, preferred securities tend to be issued primarily by financial institutions, such as banks, REITs, insurance and utility companies. As a result preferred securities also tend to have higher credit quality relative to high-yield bonds, despite comparable yields, as they are issued by investment grade entities.

The asset class has historically been providing relatively high-income potential with low correlations and durations compared to other fixed-income segments. Combined with other asset classes, the fund could help investors strengthen their portfolio diversification, says Yang.

MANAGE RISING US INTEREST RATES

In light of the US Federal Reserve's move to tighten monetary policy, the prospect of higher interest rates could impact the preferred security market, Yang says. However, the fund is allowed to invest in fixed-to-floating rate or floating-rate preferred securities, which tend to be less sensitive to interest rates than fixed-rate securities. Additionally, the fund's consistent and high dividend payout provides a further buffer that would help investors manage interest rate risk.

"For this type of product, the main contribution of performance is not only from capital gains, but the most important part is the accumulation of dividend payments," says Yang.

The cumulative nature of the payments for the fund meant that deferred or missed dividends must generally be paid out to holders of preferred securities before common shareholders.

The PineBridge Preferred Securities Income Fund currently has a 75% allocation to preferred securities issued by financial services firms. The remaining are issues by technology firms and utilities. In terms of geography, the fund has a 66% exposure to the US. Despite recent market volatility, the cumulative year-to-date performance is better than other fixed-income funds. The fund's underlying asset average annual yield is about 6%, says Yang.

"The unique characteristics offered by preferred securities should prove highly complementary in helping investors better position their portfolios for stronger risk-adjusted performance in today's market," says Yang.

Besides managing Taiwan's largest onshore equity fund, PineBridge also manages the largest onshore fixed income fund—the PineBridge Global Multi-Strategy High Yield Bond Fund. The company recently introduced its "Turbo-Income" investment strategy, which combines both funds to enhance investment efficiency and lower risk. ■

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investments such as company stock or real estate holdings. That way market shifts are less likely to have surprising effects on their net worth. This aligns with Citi's Total Wealth Advisor advisory platform, which builds model portfolios for customers, helps clients set long-term investment goals and lets them know if they are falling behind their objectives.

Citi is also offering multi-asset products, which have gained $3 billion in AUM from their launch two years ago. It is next planning a digitised advice service, which will give mass affluent investors a handful of asset investment options.

BEST PRIVATE BANK
CREDIT SUISSE

While some banks seek to expand into mass affluent customers, Credit Suisse is focused on the very rich.

The bank's regional operations enjoy autonomy from head office. About 80% of Asia's wealthy still consist of first generation business owners, so Credit Suisse seeks to meet their investment banking needs and then help invest the money they make, via personalised services and support such as leverage for investing.

Last year the strategy worked well. Credit Suisse grew its Asia Pacific wealth management and connected division revenue by 22%, underpinned by a 29% rise in transaction revenues and 19% increase in recurring commissions and fees. According to its full year 2017 results, the unit expanded AUM from SFr166.9 billion ($170.6 billion) in 2016 to SFr196.8 billion last year, while keeping its cost to income ratio at 64.9%.

The bank is focusing on offering more generational wealth advice, and expanding its digital advisory platform, which gives regional clients more portfolio transparency. The service launched in Thailand and Australia last year. Credit Suisse is next focusing on clients' onshore needs, such as tax reporting and local investing options.

Plus it aims to broaden Credit Suisse Invest, a new structured advisory service in which clients pay for the level of service they use.

BEST ASSET SERVICES PROVIDER
CITI

When it comes to overall asset service coverage, few can offer as rounded a set of services as Citi.

The US bank saw barely any client defections at all during 2017; instead, a succession of new client mandates and additional business from existing ones helped it expand assets under custody by more than 20% to reach over $2 trillion in the region, from more than 500 clients.

The US custodian gained a set of new custody mandates last year, including from a Chinese asset manager and a large ETF manager for custody and fund accounting work, and was picked as the middle-office solution provider to a major global asset manager, one of the largest regional mandates.

On the institutional side it was appointed by a regional central bank to provide a set of bespoke US custody services.

Other highlights included Citi creating the first truly local global custodian service in Taiwan, a notable achievement at a time when the island's regulator is focusing on building up its local fund managers. Plus it launched a Sharia-compliant global custody service, to service fund houses in Malaysia, Indonesia and the Middle East.

Citi has made technological progress too. It launched Proxymity, a digital proxy-voting platform, which looks set to be rolled into Asian markets throughout this year. Plus it rolled out Velocity Clarity, which uses big data access and visualisation tools to let funds analyse portfolio performance across multiple investments.

Added to all this, Citi remains the leading agent lender, and it was one of the first banks to support Bond Connect trading and settlement.

BEST BUYSIDE COO
TO BE ANNOUNCED ON THE AWARDS NIGHT

BEST ALTERNATIVES HEDGED STRATEGY
ZEAL ASSET MANAGEMENT

As a long-short investor, Zeal values identifying and getting to know companies a little off the beaten track. For eight years now, that approach has netted positive returns. It also helped it become one of just three managers to distribute a Hong Kong unit trust—the Voyage China Fund—to Chinese investors via the mutual recognition of funds scheme in 2016. Last year was good for the whole market, but Zeal's core China hedge fund returned 32.15%, above even the median return of 29.5% of its peers. It did so by buying into lesser known tech stocks that performed at least as well as mainstream names. Its AUM rose from $232 million to $313.6 million at the end of 2017.

Zeal's overall AUM soared from $772 million to $1.42 billion during 2017; 83% up on the back of good returns and successfully attracting more investors into the Voyage China fund. This was partly down to Zeal teaming up with fund platforms such as Hexun and JD Finance in China; plus it gained over 270,000 retail customers via Ant Financial.

It was also down to good returns; the Voyage China Fund returned 42.81% in 2017, while it AUM expanded from HK$1.94 billion to HK$3.03 billion.

PRIVATE MARKETS MANAGER OF THE YEAR
CAPASIA

Infrastructure is an increasingly popular field, especially for institutional investors, and CapAsia has positioned itself as a prominent player in Southeast Asia. Over the past decade, CapAsia has established offices in Singapore, Kuala Lumpur and Jakarta, which helps it invest into companies across sectors including renewable energy, toll roads and telecom towers. It then advises them on optimising capital structures and improving operating systems and governance.

The fund has over $500 million AUM across three funds, which includes over $250 million across various infrastructure

sectors. It posted a gross internal rate of return of 17.6% for its first 10 year fund, which ended in 2015. Its second $227 million fund got backing from the Asian Development Bank and Islamic Development Bank, and its IRR was around 12% as of September last year.

CapAsia's latest fund had a vintage year of 2013, and has made four investments so far. In January last year the fund and its partner, Malaysia's OCK Group, acquired Southeast Asia Telecommunications Holdings, Vietnam's largest telecom tower operator, for $50 million. CapAsia followed this by selling its 40% stake in a 36 megawatt wind farm in the Philippines to Thailand's BCPG for around $28.5 million in May.

It now looks well positioned to benefit from China's Belt and Road initiative.

BEST BUSINESS DEVELOPMENT
HAITONG INTERNATIONAL ASSET MANAGEMENT

International asset managers are leery of the competition Chinese firms could offer. Haitong International Asset Management helps explain why.

The fund house has existing bonafides, having launched the first Global RMB fund, while some of its products feature in Hong Kong's Mandatory Provident Fund scheme. Over the past five years it raised AUM from HK$5.8 billion ($740 million) to HK$66 billion as of December 2017, an annual compound growth rate of 63%. It's now one of the largest Chinese fund houses in Hong Kong.

Last year Haitong International restructured its Hong Kong team and hired two new members to bring the total to six. It also redesigned its marketing materials and redefined its client coverage, to improve its internal efficiencies.

This helped it launch 10 new funds, seven of them Cayman Island-domiciled, while also raising over $1 billion in new assets for its flagship multi-tranche fund. It sourced new assets by marketing to wealthy investors in China and selling funds via private and wealth management operations in Hong Kong. Haitong International now has over 30 partners helping sell its funds. Its next plan is to launch three new public funds this year.

BEST ETF MANAGER
CSOP ASSET MANAGEMENT

In 2017 Hong Kong finally introduced leveraged and inverse ETFs, after lengthy consideration by the Securities and Futures Commission. CSOP Asset Management was quickest to the chase.

It beat out four rivals in this space to launch four L&I products. These built a total market share of HK$1.2 billion, or a 40% market share, while enjoying over 50% of total average daily turnover.

The fund manager partnered with ICBC to build sales in its smart beta ETF that focuses on new sectors in China. It listed in late 2016, and gained $150 million of asset inflows by late 2017. The ETF returned over 55% last year, outpeforming all Greater China-themed mutual funds. CSOP also owns the largest renminbi-QFII ETF, which benefitted from MSCI's announcement in June 2017 that it would include A-shares from this year. The fund house ensured Rmb1.5 billion of inflows into the ETF.

In addition, CSOP's RQFII fixed income ETF (the China Five Year Treasury Bond ETF) appealed; CSOP recorded Rmb700 million of asset inflows last year, making it the dominant product in this part of the market. Next up, CSOP is planning for the launch of ETF Connect.

BEST RETAIL PRODUCT
VALUE PARTNERS' GREATER CHINA HIGH YIELD INCOME FUND

Finding longstanding fixed income products that can capture the attention of retail investors through consistent performance is not easy. But Value Partners' seven-year-old Greater China High Yield Income Fund shows it can be done.

The fund invests into offshore Chinese high yield bonds, and over the past five years its astute investments helped it return an average annual yield of 8.1%. That performance helped the fund net over $1 billion in net inflows in the first half of 2017 alone, while its AUM grew to $4.5 billion at the end of 2017. The product is a favoured high-yield fund among local, Chinese and international retail and private banks.

Value Partners' fixed-income team combines top-down and bottom-up analysis when analysing credits, and it considers research from the equity side, to better analyse individual credit risk. This also includes qualitative analysis of the company management and quantitative consideration of credit metrics, cash flow and other key factors.

The investment team use this to invest into some lower-rated credits they feel are underpriced. Doing so supplies alpha; while high yield bonds returned 6.9% last year, according to the JP Morgan Asia Credit Index, Value Partners' fund provided a 10.9% return.

BEST ESG ADVISER
HERMES EOS

Environmental, social and governance standards are gradually gaining traction in Asia, but the limited knowledge of institutional investors means many rely

> "CSOP's renminbi-QFII ETF benefitted from MSCI's announcement in June 2017 that it would include A-shares from this year"

on advisers. Hermes EOS has been a leading light.

The firm, which offers stewardship and ESG analysis advice to corporates and investors alike, engaged with 97 companies in developed Asia during 2017, of which 43.1% were on a governance basis, with 23.2% for strategy, risk and communication.

This has included offering views to fund managers such as Japan's Asset Management One, which employed Hermes EOS to give it ESG advice to create ESG-compliant funds during 2017.

On the corporate side, Hermes EOS suggested Taiwan's Uni-President Enterprises align its business objectives with the UN Sustainable Development Goals; it subsequently set up a corporate social responsibility working group. Hermes EOS also engaged with Japanese automaker Nissan over CEO succession planning and its concern over the company's combined chairman and CEO role; its leader relinquished the latter position last year.

In Hong Kong, Hermes EOS gained more access to the board of directors of conglomerates CK Hutchison and Jardine Matheson, which had previously been difficult to achieve.

Hermes EOS also made clear it didn't support the introduction of dual class share structures in the Hong Kong and Singapore exchanges in the consultation responses to the plans by both bourses.

BEST INSTITUTIONAL PRODUCT/ STRATEGY
WESTERN ASSET MANAGEMENT'S MACRO OPPORTUNITIES STRATEGY

Shifting fixed-income market conditions are leaving many investors wondering how best to manage their fixed income allocations. Western Asset Management demonstrated in 2017 that there was alpha on hand for investors willing to countenance a contrarian approach.

Its set of unconstrained fixed income strategies has offered interesting total returns for several years now. But the pick of the bunch is the most aggressive, its Macro Opportunities product.

The fund takes a dynamic approach to investing, able to invest up to 50% of its assets outside the US, or into high yield debt, or into emerging markets. It aims to utilise high-yield debt, foreign exchange differences and rate movements to generate better returns.

The approach netted a 16.05% return last year, in large part on the back of global risk assets and astute fixed-income trading. It did so in part by being non-consensus, and buying into local currency emerging market debt, which benefited during the year from strong growth fundamentals and disinflationary forces.

For institutional investors that took the plunge—and with $15 billion of AUM, there are quite a few—the strategy remains a useful generator of superior, albeit volatile, returns.

BEST INSTITUTIONAL SOLUTIONS PROVIDER
GOLDMAN SACHS ASSET MANAGEMENT

As institutional investors across Asia Pacific continue accumulating assets, servicing their needs is a key growth area for asset managers. Goldman Sachs Asset Management (GSAM) is ensuring it is a key beneficiary.

The US fund house received over 70 new mandates in 2017 from an array of institutional investors, including insurers, pension funds and sovereign wealth funds. Key successes included emerging market debt, where GSAM enjoyed several hundred million dollars of inflows from new mandates. It also gained extra business from one of the region's most sophisticated SWFs, adding an array of alternatives mandates, including for private debt and private equity.

GSAM is one of the largest managers of insurance assets globally, and it utilised this to add new business in the region last year. This included over $500 million of private equity and private credit mandates from a major Chinese insurer. It also raised its allocations with a regional insurer by $2 billion to over $12 billion; gained several fixed income mandates from Korean insurers that totalled $600 million and received more than $600 million in business from Taiwanese insurers into its private credit fund.

All-told, the US fund house's regional institutional assets under supervision rose by close to 20% during 2017. GSAM remains a powerful player in this space.

ALTERNATIVE FUND HOUSE OF THE YEAR
LGT CAPITAL PARTNERS

As the alternatives space has grown in importance with investors, so has their need to find experienced players to work with. LGT Capital Partners remains a leading example.

Last year was a big year: the fund manager picked up assets from five asset manager clients in Australia, Korea and Singapore, four regional insurance companies, seven superannuation funds from Australia and New Zealand and 25 corporate pension fund players in Japan. All-told, it raised over $6 billion in assets, over two-thirds of which was in private market investments.

The firm is popular because it delivers. Its 31-strong Asia team have generated an IRR of over 12% for regional investments since setting up in 1999, versus 4% for the MSCI Asia Pacific index over that time.

More impressively, its secondary transactions in the region generated an IRR of 23.7%. Its co-investments have done better still, earning a 28% IRR.

LGT Capital Partners held a final close of its flagship Asian private equity fund in January 2017 at $587 million, 47% above the original target. Its next fund, CAPE IV, launched in December and is getting strong interest too; it had gained over $300 million by its first close, at the end of February.

BEST ASIAN FUND HOUSE
TO BE ANNOUNCED AT THE AWARDS DINNER

ASSET MANAGER OF THE YEAR
TO BE ANNOUNCED AT THE AWARDS DINNER