

# BlackRock

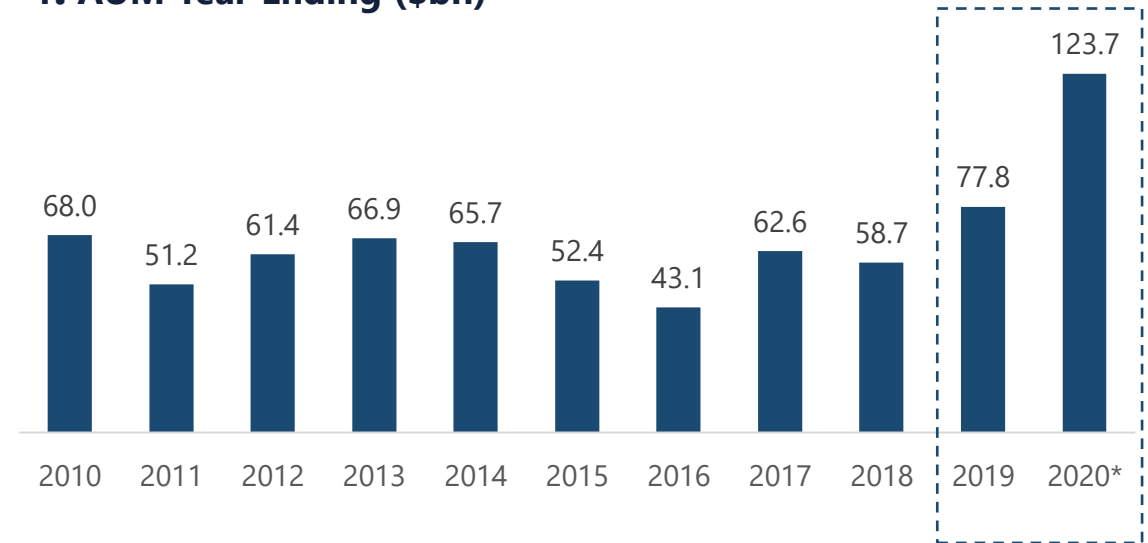
## Opportunity in China

Feb 2021

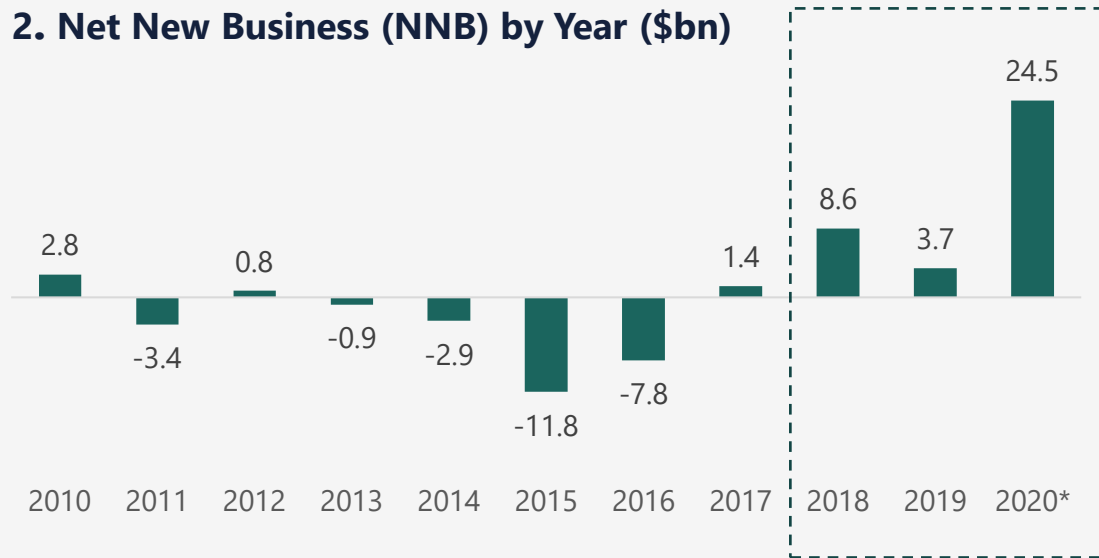
# Growth of Funds

- **Universe:** China/Greater China focused funds with an active strategy catering to the International fund market (i.e. excludes HK, China, Taiwan)
- **AUM:** largely flat in 2010-18 but it has grown 2.1x in the last 2 years
- **Net New Business:** 2015-16 saw notable outflows while 2018-20 saw notable inflows, particularly in the latter half of 2020
- **Easing of Restrictions:** in April 2020, Chinese regulators relaxed ownership rules for foreign funds potentially prompting strong inflows

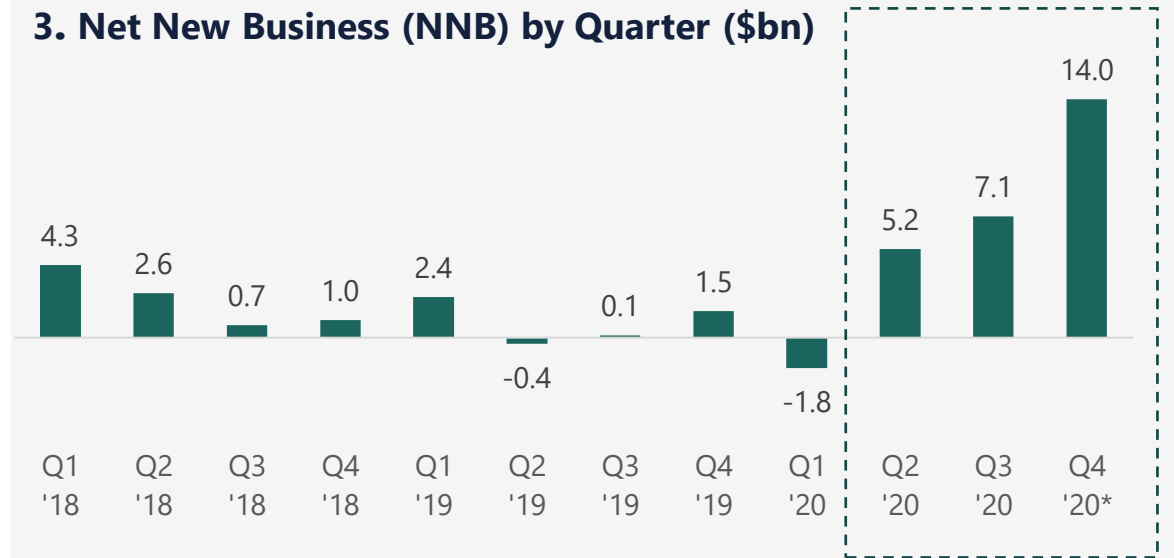
## 1. AUM Year Ending (\$bn)



## 2. Net New Business (NNB) by Year (\$bn)

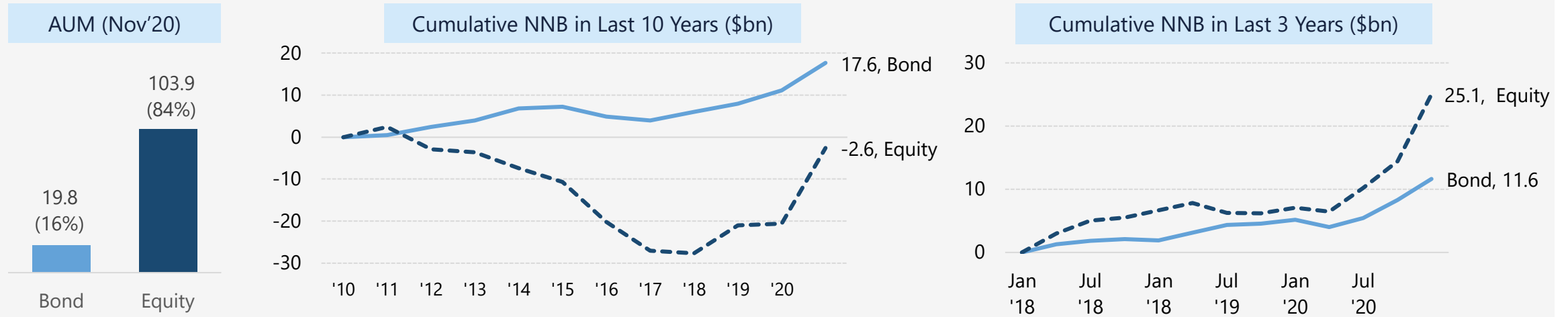


## 3. Net New Business (NNB) by Quarter (\$bn)

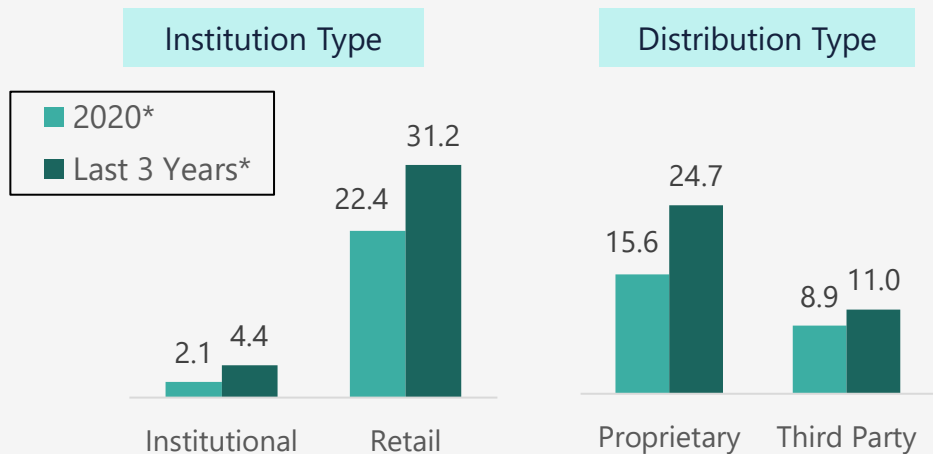


# Split of Funds

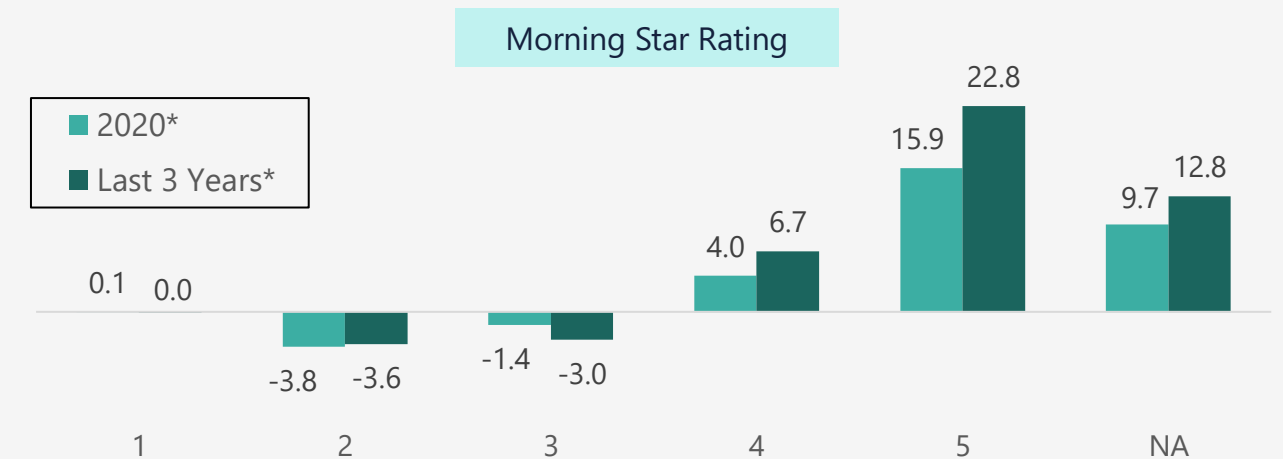
## 1. Split by Asset Class (\$bn)



## 2. Split of Net New Business (NNB) by Type (\$bn)

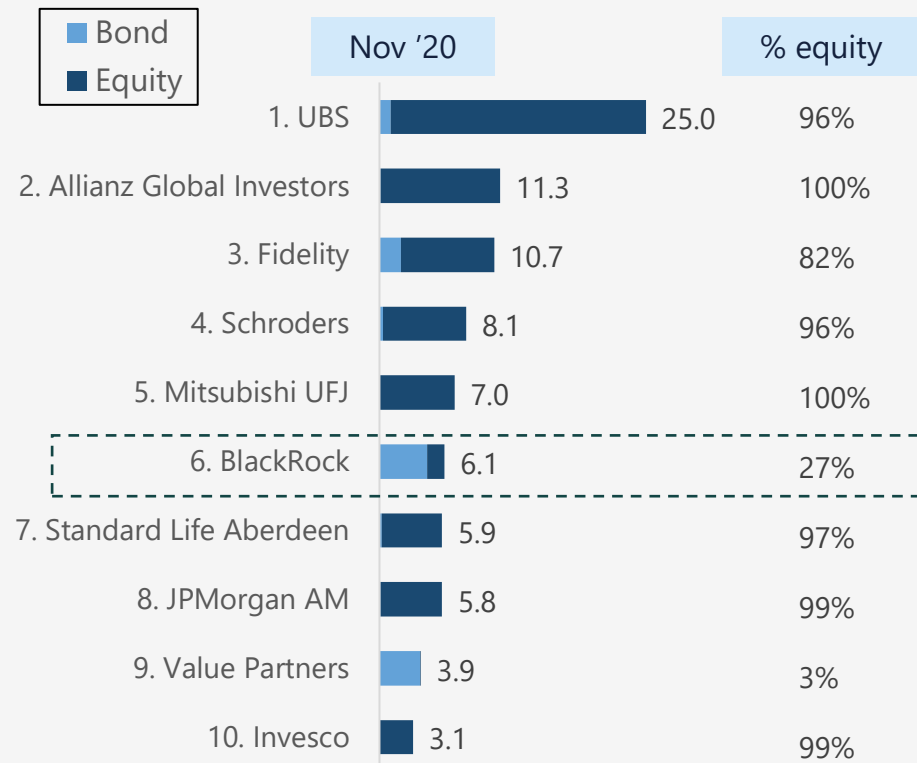


## 3. Split of Net New Business (NNB) by Rating (\$bn)



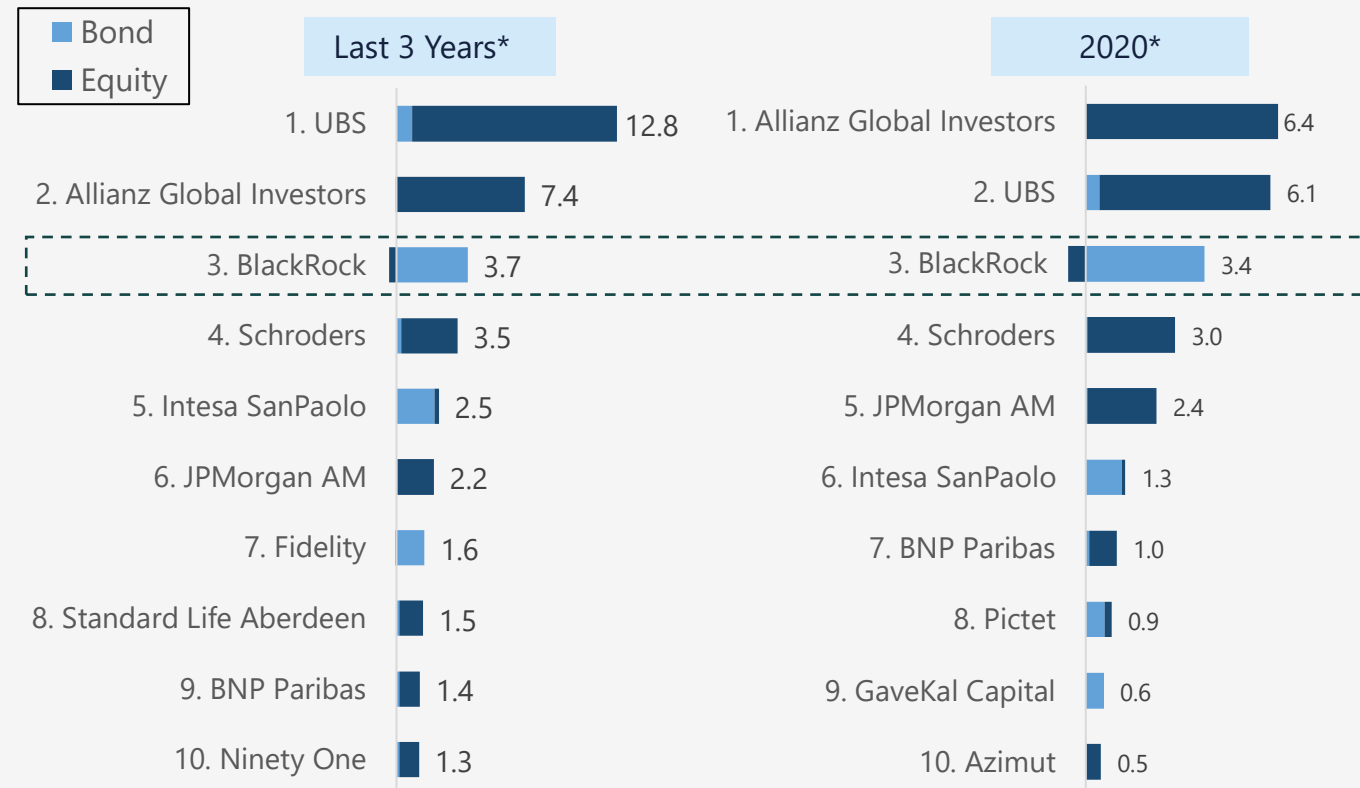
# Competitive Landscape

## 1. Top 10 Asset Managers by AUM (\$bn)



- **UBS, Allianz Global Investors, Fidelity, Schroders**, are the leading players by AUM (Nov '20)
- Notable **equity tilt** for all the top 5 players by AUM

## 2. Top 10 Asset Managers by Net New Business (\$bn)



- **UBS, Allianz Global Investors, BlackRock & Schroders** are the leading players by net new business
- Notable **equity tilt** for flows as well; BlackRock had significant new business for bonds but saw outflows in equities

# Top Funds by Net New Business (2020)

	Asset Class	Rank	Fund Group Name	Morningstar Category	Year of Inception	Rating	Institutional	Proprietary Distribution	NNB (2020)* \$bn	AUM (Nov '20) \$bn
Bond Funds with Net New Business (2020) >\$0.2bn	Bond	1	BlackRock	China Bond	2011	5			3.9	4.4
		2	Intesa SanPaolo	RMB Bond - Onshore	-	-		✓	1.2	2.4
		3	Pictet	RMB Bond - Onshore	2015	4			0.6	0.8
		4	Fidelity	Greater China HY Bond	2015	4			0.6	1.7
		5	UBS	RMB Bond - Onshore	-	-		✓	0.5	1.0
		6	GaveKal Capital	RMB Bond - Onshore	2012	5	✓		0.5	1.0
		7	Prudential	RMB Bond - Onshore	2019	-	✓		0.4	0.4
Equity Funds with Net New Business (2020) >\$0.4bn	Equity	1	Allianz Global	China Equity - A shares	-	5		✓	5.4	9.2
		2	UBS	China Equity	-	-		✓	3.0	4.0
		3	UBS	China Equity	-	5		✓	2.4	14.5
		4	Schroders	China Equity - A shares	2017	-			1.7	3.0
		5	JPMorgan AM	China Equity	1994	5			1.5	3.9
		6	Schroders	Greater China Equity	2002	5			1.0	2.9
		7	BNP Paribas	China Equity	-	4		✓	0.9	1.9
		8	Allianz Global	China Equity	-	-		✓	0.9	1.4
		9	JPMorgan AM	Greater China Equity	2001	5			0.7	1.8
		10	Fidelity	China Equity	2011	4			0.7	4.8
		11	Azimut Group	Greater China Equity	-	-	✓	✓	0.5	0.5
		12	Mitsubishi UFJ	-	2009	-	✓		0.5	0.9
		13	Mediolanum	China Equity	2003	-		✓	0.4	0.7
		14	Baillie Gifford	China Equity	2011	4			0.4	0.7
		93	BlackRock	China Equity - A shares	2019	-			0.0	0.0
		124	BlackRock	China Equity	2017	2			0.0	0.0
		239	BlackRock	China Equity - A shares	2017	4			-0.1	0.5
		259	BlackRock	China Equity	2008	3			-0.5	1.1

# Product Recommendations, Challenges & Risks

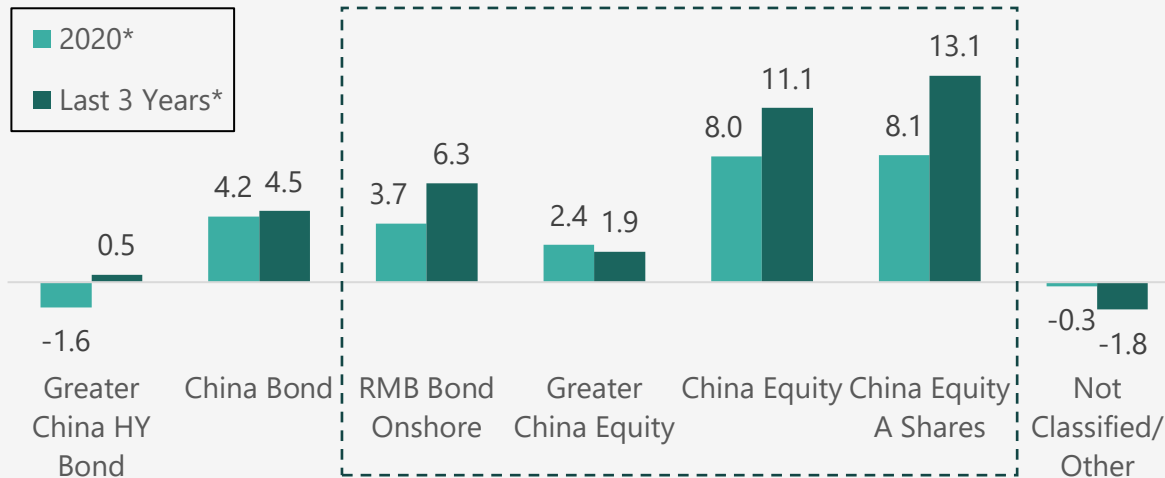
## 1. Product Recommendations

- **Strengthen China equity** product offering (particularly A shares); improve performance of equities funds vs benchmark; aim for at least 1 fund to be ranked as 5 stars; launch first ESG fund
- **Explore launch of an onshore RMB** bond fund
- **Explore separate institutional** only funds category
- **Develop proprietary distribution** channels; invest in **investor education**
- **Explore new asset classes** such as REITs, multi-asset funds

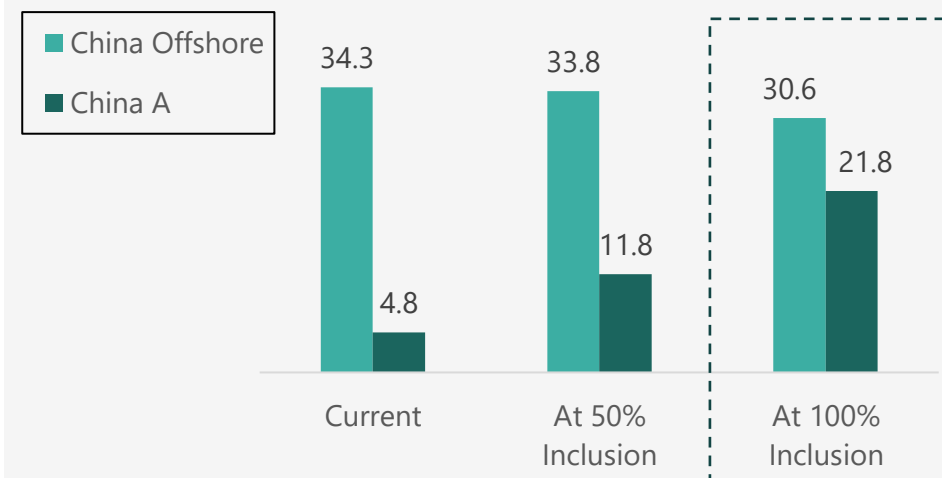
## 2. Challenges & Risks

- **Evolving regulatory/policy landscape** especially for foreign players; geopolitics
- **High equity market volatility** as majority Chinese investors are retail; liquidity, repatriation & currency risk; limited shorting capability
- **Growth of passive AUM** as market evolves & becomes more efficient
- **Attracting & retaining local talent** & gaining trust

### Split of Net New Business by Asset Category (\$bn)



### % Weight of China A shares in MSCI EM Index



Source: UBS