

Focus on Funds: China's Capital Markets Beckon for Global Fund Managers

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China's capital markets are growing fast, and new opportunities continue to arise. In the September 20, 2019, edition of *Focus on Funds*, Allianz Global Investors, US CEO Douglas Eu details the current investment landscape.

Transcript

Stephanie Ortals-Tibbs, ICI director of media relations: What do you really need to know about investment in China? What do you really need to understand about the country and its economy? I gained all of that insight in a recent conversation at ICI's General Membership Meeting.

Douglas Eu, CEO, US of Allianz Global Investors: The Chinese adopted a model that's sort of more technocratic, where the economy is run by professionals who have a long planning mentality.

That's a really important piece to remember, because it's very different from the rest of the markets. And they began to invest in building out capital markets for locals 20 years ago. Those markets—when you aggregate Chinese stocks today and the market capital, just today—is already larger than all of Europe. So what's happening today—but, up until now, it's been closed to foreigners, or a large part of that's been closed to foreigners. Obviously, there's the one-off stocks like Alibaba that are listed here, that people understand, and stocks that are listed in Hong Kong.

But if you aggregate that region and that opportunity, it's huge. So it would be like waking up today, discovering a stock market that was the size of all of Europe, and saying, "I actually don't have any money here. Maybe I should look at that."

Ortals-Tibbs: That is fascinating and one of the other things we're all hearing a lot about—but again, we're trying to make sure we understand correctly—is this whole Belt and Road Initiative, the new Silk Road that's rolling out.

Eu: It's a focus by the Chinese to coordinate investment across the region that is sort of Asia and—rebuilding really the old Silk Roads back to Europe—all the trading routes. And I think it's not just about investment by Chinese firms. They've tried to coordinate it so that all of the neighboring countries and companies from those countries sort of see the big master plan, choose pieces that they want to invest in, and will start to build that network. And I think that over the next 10, 15, 20 years, that network will create lots of

opportunities to invest. Just like the investment in the internet 20 years ago created lots of opportunities for us to invest here.

Additional Resources

- [ICI Viewpoints: Fund Industry Leaders Encourage Cultural Stability and Willingness to Embrace Change](#)
- [Speech: Path Toward Globalization Is Unstoppable](#)
- [Highlights: ICI 2019 General Membership Meeting](#)

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