INSURANCE ASIA NEWS

Institutional Asset Management Awards 2020

July 2020


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Investing our clients' money isn't just about finding great ideas. It's also about implementing them with strong judgment and discipline. We take our responsibilities and our clients' trust very seriously.
We offer a range of investment strategies to meet investors' needs.
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INSURANCE ASIA NEWS
Institutional
Asset Management
Awards 2020

Welcome to this special magazine supplement to mark the third annual Institutional Asset Management Awards from InsuranceAsia News.

InsuranceAsia News continues to highlight the exceptional work done by third party asset managers on behalf of their insurance company clients. This has been a key area of focus for asset managers in recent years and we believe that InsuranceAsia News is well-positioned to reflect and reward best practice in this area.

I'm delighted that once again this year we were able to attract such a high quality of award entries. Thank you all for supporting this initiative and congratulations to all our winners.

I'd also like to thank the team at InsuranceAsia News who helped to put the awards together, particularly Richard Newell who managed the submissions and the judging process.

Once again, thank you for your support of the Institutional Asset Management Awards. We know that 2020 has been a challenging year in many respects, so your participation is very much appreciated.

Yawar Tharia
Publisher
InsuranceAsia News

As the ground moves, investment solutions must evolve

While insurance company CIOs reflect on the future dynamics of world markets, in a post Covid-19 world, there are plenty of other issues to keep them occupied

By Richard Newell

China's Risk-Oriented Solvency System (C-Ross) is a little different from most of the region's other RBC systems, because it doesn't directly link interest rate risk on the asset side and the liability side. However, it is expected to strengthen that link in the second phase of these rules, which is expected to roll out later this year.

One fundamental challenge for Asian insurers, as the region becomes more prosperous - delivering significant growth of insurance general account assets - is how to match investment returns to pay-outs.

Emerging market bond returns are at least more attractive than developed market bonds and insurers are able to access an increasingly diverse menu of investments. But is there sufficient diversity and how do insurers manage regulatory changes, as well as the mounting longevity risk?

Probably the biggest task facing Asian insurers, though, is how to adapt to changes in their regulatory capital regimes.

Countries across Asia have been working to implement variations on European regulations such as Solvency II, bringing their own twists to this system.

While Hong Kong and Singapore have yet to offer any beneficial capital treatment to risk assets, Singapore is set to roll out its revised risk-based capital rules later this year. Thailand, which introduced its new capital rules in January, lets insurance investors allocate more to infrastructure funds and real estate investment trusts.

China's Risk-Oriented Solvency System (C-Ross) is a little different from most of the region's other RBC systems, because it doesn't directly link interest rate risk on the asset side and the liability side. However, it is expected to strengthen that link in the second phase of these rules, which is expected to roll out later this year.

Swiss Re estimates that total assets managed by insurers in China will reach over US$3 trillion this year. China's insurers are also facing a duration gap, in large part because there is not enough long-term debt in the country's debt market.

However, the incoming update of C-Ross is anticipated to offer new guidelines around insurance asset management products. That should give insurers new investment vehicles and duration matching.

A gradual process

Other countries such as Hong Kong, Korea and Japan will take more time to introduce their new rules. Hong Kong isn't likely to do so for another three years. Japan is working on a system similar to Solvency II, but it's likely to take up to five years to implement.

Korea, meanwhile, is likely to introduce its version of RBC II by 2022, although there is set to be a grace period of 10 years for insurers to comply with the new rules. However, it looks likely to tread a path similar to Thailand when introducing an updated IFRS 17 accounting standard for insurers in 2023.

In addition to capital regime changes, the region's insurers also face a shift in international accounting standards, and particularly IFRS 17, which affects the liability side of their businesses.

Insurers typically book their fixed income portfolios on an amortised cost accounting basis. As long as they discount their insurance assets and liabilities using a stable curve, they will face low profit and loss volatility.

The path to stronger portfolios for insurers

We manage US$175bn[1] of general account AUM across fixed income, alternatives, equities and multi-asset mandates.

We offer **innovative alternative strategies** for insurers that produce attractive and stable income and improve capital and tax-efficiency.

Our deeply resourced insurance fixed income team has a track record of **generating stable cash flows leading** to stable book income and excess return through various market cycles.

Four significant wins from *InsuranceAsia News* – Institutional Asset Management Awards 2020

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- Insurance Fund House of the Year – Hong Kong
- Alternatives Manager of the Year
- Fixed Income Manager of the Year
- Best Sustainable Investment Policy

The J.P. Morgan Global Insurance Solutions group is a dedicated team of over 70 professionals focused on serving the investment needs of insurance clients. We are a recognized insurance industry leader with expertise in providing a comprehensive suite of advisory services and investment solutions across all major asset classes.

LET'S SOLVE IT. | LEARN MORE AT **JPMORGAN.COM/GIS**

[1] All figures are as of 31/03/2020 unless otherwise stated.

But IFRS 17 is set to change how insurer liabilities are calculated. One likely outcome is that this results in greater interest rate volatility on their liabilities. That is likely to be an important consideration for Asian insurers.

Interest rate volatility has increased through the Covid-19 crisis. The move to RBC in Asia and subsequent refinements require insurers to carefully assess how regulatory requirements will be impacted by rate volatility with the changes in solvency regime.

Dependent on the specifics of each company and their capital requirements, changes in products, investment strategy and balance sheet management may result.

The new IFRS updates are set to be adopted across the region over the coming two to three years. The shift will increase volatility in insurers' P&Ls, forcing them to think more carefully about active asset-liability management around the balance sheet.

Regulators will need to strike a delicate balance – establishing capital rules in a manner that recognises the risk inherent to infrastructure-linked assets, while helping to promote what is likely to become a growth asset class.

Capital charges

One immediate question will be how much the new rules impact different asset types. Insurers are particularly keen for assets such as emerging sovereign debt and infrastructure to be addressed in a benign fashion.

Regulators will need to strike a delicate balance – establishing capital rules in a manner that recognises the risk inherent to infrastructure-linked assets, while helping to promote what is likely to become a growth asset class.

Insurers may also increasingly turn to other strategies that tie up their assets for longer periods, for higher returns. Private equity, private debt and real estate are seen as a good fit.

On the fixed income front, the insurers may have little choice but to become more active investors. A wave of bond downgrades combined with the impact of IFRS changes mean insurers are likely to become more active in managing their credit risk.

All of these are ideas that regional insurers will need to grapple with over the next five years, as a combination of new rules, tougher economies and aging client bases combine. Responding to these stresses will require a big shift in investment style, philosophy and asset allocation.

Award-Winning Funds Management Company

- **Best Bond Group, Malaysia Pension**
- **AmMalaysia Equity, Best Fund Over 3 Years, Equity Malaysia, Malaysia Pension** (2 consecutive years)
- **AmDynamic Bond, Best Fund Over 3 Years, Bond MYR, Malaysia Pension**
- **AmDynamic Bond, Best Fund Over 5 Years, Bond MYR, Malaysia Pension**

Consistently strong risk-adjusted performance relative to its peers for the year ended 31 December 2019. Conferred by Refinitiv at Refinitiv Lipper Fund Awards 2020, Malaysia.*

- **Best Global Sukuk Fund Manager 2019**

Based on three-year rolling performance from financial aspects including return on investment, time-weighted rate of return and information ratio along with other service evaluation standards such as compliance, trainings provided and service quality. Conferred by EPF at EPF External Fund Managers Annual Awards 2020.

- **Best Overall Asset & Fund Manager, Malaysia**
- **Best Asset Manager (Money Market Funds), Malaysia**

Leading multi-asset fund management company that provides solid and transparent investment process, secured risk management, proper investment accounting systems, quality investment research, advanced portfolio management and diversification, above par risk-adjusted returns, and overall long-term outstanding fund performance. Conferred by Alpha Southeast Asia at Alpha Southeast Asia Fund Management Awards 2019.**

- **Best Pension Fund Manager, Malaysia (2 consecutive years)**

Best three-year and five-year periods on how AmInvest has managed its domestic pension mandates and its Private Retirement Scheme funds, the size of these mandates and returns against relevant benchmarks, as well as investor education initiatives undertaken. Conferred by Asia Asset Management at Asia Asset Management 2020 Best of the Best Awards.**

- **Insurance Fund House of the Year, Malaysia (3 consecutive years)**

Exceptional work done by third party asset managers on behalf of their insurance company clients across the Asia Pacific region. Conferred by InsuranceAsia News at Institutional Asset Management Awards 2020.**

- **Best ETF Provider, Malaysia (5 consecutive years)**

Most appropriate ETF products for its clients. Conferred by Asset Publishing & Research Limited at The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2020 at The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2020.**

Notes: * AmInvest subscribes to Refinitiv products which includes Refinitiv Lipper for Investment Management (a fund management database).
** AmInvest has no ongoing relationship with the awarding entity.

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AmInvest

Growing Your Investments in a Changing World

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A specialised approach to risk modelling

Conning's processes and decision support tools translate directly to the specific performance and risk metrics insurance companies focus on

In Asia's insurance industry, the changes to capital and accounting regulations are creating new dynamics on the asset management side. The closeness of the investment strategy to the liability strategy is one of the unique things about insurance investing and this has huge implications for insurance asset risk.

The awareness of the regulatory capital usage and what opportunities asset managers can highlight for an insurer is a key part of Conning's work. We expect this to become increasingly important in Asia as countries come up with systems similar to Solvency II.

China's C-ROSS regulation has seen advancements over the years, Hong Kong anticipates RBC changes to be fully enforced and the hot topic every insurer is talking about is IFRS 17.

Under IFRS 17 insurers are looking closely at volatility management as it relates to earnings. Dan MacKenzie, Managing Director of Risk Solutions says the firm helps clients understand how their investment portfolio would be impacted. "Having a product which drives return in a marked-to-market is not enough, if credit can't be taken on balance sheets or if it's going to drive volatility through P&L."

This is one of the many areas we cover when formulating a suitable plan. Dan added "We believe in providing tailored investment solutions through a partnership approach which allows us to function as an integrated part of our customers' investment framework."

With approximately US$176 billion* in global assets under management, Conning has a long history of serving the insurance industry with investment solutions, asset management offerings and risk modelling software.

Our mission is to be the preeminent investment solutions provider for all types of insurance companies. We pride ourselves on not only performing well in bullish markets, but also in preserving clients' capital during more adverse periods of market fluctuation.

Conning's capabilities, processes and decision support tools are built to provide the highest quality investment solutions that translate directly to the specific performance and risk metrics insurance companies focus on.

At Conning the Risk Solutions team specialises in applying stochastic modelling techniques for insurance companies interested in superior investment performance, customised solutions, and exceptional client services.

"We incorporate the philosophy of an insurers' SAA framework, in the most advanced and comprehensive tools available in the market. Our risk modelling software decomposes the market into the key drivers of return and risk. We then optimise over those key components before translating back to an asset allocation."

The strategies are focused on maximum diversification, leading to tail risk mitigation and ultimately maximal long-term investment return. They are designed to integrate with the broader asset classes in the insurer's portfolio, so that the strategies support and enhance the insurers SAA. This approach is customisable and flexible in order to maximise client's benefit. Models include traditional assets, esoteric assets such as Infrastructure Debt and Collateralised Loans, and derivatives with SAA balancing economic and regulatory objectives.

Conning's unique investment optimiser tool efficiently combines the stochastic returns across a range of desired asset classes, maximising Economic Value for each level of risk. The software is particularly powerful when analysing assets, liabilities, and capital requirements on an integrated basis.

"For example, we look at an insurer's liabilities and produce stochastic distributions with an outcome of typically 5,000 different plausible scenarios over the next five years, when universal life guarantees fall due. Within this framework, customers can readily evaluate the effectiveness of alternate investment strategies."

The use of historical scenarios for stress testing can also give us a window into how a portfolio might perform during a time of crisis and recovery. Such information is critical to a robust and effective risk management program, and Conning has a long history of helping its clients incorporate this type of historical data into their risk analysis.

Conning believes that there are obvious similarities with previous crises, there is an argument that the COVID-19 crisis is significantly different from the 2008 financial crisis or other crises that are commonly considered in historical stress testing. For instance, the 2008 financial crisis could be characterised as a relatively discrete event; by this we mean, while the effects on the economy and financial markets persisted, the majority of the economic costs were incurred and quantifiable within a relatively short period of time. The 2008 crisis was also largely confined to the

financial sector, with secondary effects in other sectors emanating from the initial epicentre of the shock like ripples on a pond.

In contrast the COVID-19 crisis is an event which has engulfed the whole global economy in a single bite making the crisis wider in scope than 2008. Lessons can be learned from history helping us to better understand the potential risks of the current crisis and how these might evolve in the future. Therefore we can think of historical data as a real-world case study in how the markets have behaved under similar conditions.

Conning's risk management software platform also includes GEMS ESG® Economic Scenario Generator, FIRM® Portfolio Analyser, and ADVISE® Enterprise Risk Modeler. They offer greater accuracy in financial risk modelling and provide deeper insights for decision making, regulatory and rating agency compliance, and capital allocation.

Overlaying this, Conning's Investment Optimiser module works seamlessly within GEMS ESG®, FIRM® and ADVISE® software to perform effective strategic asset allocation analyses and identify optimal investment strategies.

Conning's Risk Solutions team is specialised in applying stochastic modelling to insurance companies for over two decades. The team provides tools and expertise to some of the largest insurers and institutional investors and over the past ten years we have performed more than 548 SAA studies for more than 156 insurance company clients. Conning's SAA tools and expertise is used by institutional investors in Asia to manage approximately US$1.5 trillion in assets. Being part of a global asset management company has provided unique advantages that help provide better representations of the real-world phenomena, especially when adapting the global experience to Asia.

Conning's Risk Solutions team has specialised in applying stochastic modelling to insurance companies for over two decades

Please contact: Dan Mackenzie, Managing Director, Risk Solutions, risk.solutions@conning.com

*As of 31 May 2020, represents the combined global assets under management for the affiliated firms under Conning Holdings Limited, Cathay Securities Investment Trust Co., Ltd. ("SITE") and Global Evolution Fondsmæglerselskab A/S and its group of companies (the "Global Evolution Companies"). The Global Evolution Companies are affiliates of Conning. SITE reports internally into Conning Asia Pacific Limited, but is a separate legal entity under Cathay Financial Holding Co., Ltd. which is the ultimate controlling parent of all Conning controlled entities.

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Deep sector expertise attracts top investors

AMP Capital's approach to the asset class has led to it expanding the traditional definition of infrastructure

AMP Capital's pedigree as a global leader in infrastructure investing was demonstrated once again this year with the company winning IAN's award for Best Infrastructure Manager.

Its considerable experience and expertise in both equity and debt infrastructure has resulted in first class fund-raising abilities and the delivery of consistently strong investment returns. In the last year, AMP Capital successfully closed an infra debt fund-raising of US$6.2 billion and infra equity of US$3.4 billion for the firm's flagship funds.

In the infra equity space, AMP Capital takes a forward-looking, outcomes-based approach targeting the mid-market (US$100-500 million equity) with an 'infra private equity' type investment approach. This strategy has been developed in response to the challenge of increasing competition in the infrastructure market and the need to mitigate future risks.

We have seen inflows into infrastructure pushing up prices of core assets, compressing margins and putting yield at risk. In reaction to this rapidly changing market environment, AMP Capital's global infrastructure strategy is designed with the aim of delivering a combination of alpha, cash yield, downside- and inflation-protection, that AMP Capital believes is suited to the long-term require-ments of its pension fund clients.

The 'infra PE' strategy involves bringing sector expertise in the origination process to identify assets that AMP Capital believes can combine the defensive attributes and stable yields of infrastructure with strong growth potential, actively managing the assets to add value.

Investments are targeted chiefly for their growth potential, offering scalable expansion via organic growth and M&A. An example of this would be the investment in US broadband provider, Everstream.

Another plank of the strategy is investing in assets which have great potential for improvement, where we can add value through active asset management.

As investors have sought to allocate more capital to alternative asset classes overall, whilst also chase alternative sources of yield to bonds (in a low bond yield environment), we have seen large inflows of capital into the infrastructure sector push up the prices of core assets and compress returns.

The mid-market continues to see strong deal flow and relatively less competition from other infrastructure funds and institutions than the large cap end of the market. Where competition does exist, it is typically not from the large direct investors seeking yield. Hence, we believe the mid-market continues to offer better relative value and more investment opportunities and allows us to be selective in seeking the best deals for our investors.

Infrastructure is constantly evolving. AMP Capital's approach to the asset class has led to it expanding the traditional definition of infrastructure, in order to find assets that they believe are positioned to benefit from structural changes affecting the sector.

The deep sector expertise in AMP Capital's team enables them to identify attractively-valued assets with growth potential in key sub-sectors. For example, battery storage, which supports the green energy transition; data centres, experiencing huge growth on the back of business becoming increasingly cloud based; and long-term residential care, to support the growing aged population.

The infrastructure debt sector can bring less economic sensitivity than other parts of the private debt space, and more predictable returns than other parts of the real assets space. As such, it can be highly attractive for pension funds. AMP Capital has been a pioneer in this space, having begun investing in infrastructure debt in 2001. The firm has seen increased demand as pension funds and insurers increase their allocations to private debt.

AMP Capital's infrastructure debt strategy focusses on mezzanine debt, a specialist part of the infrastructure debt market which offers higher yields than more senior debt but remains defensive as the debt is provided on a ring-fenced basis and secured against an individual asset or portfolio, allowing mezzanine lenders to seize equity in the ring-fenced structure without going through a formal insolvency process.

In the last decade, AMP Capital sees that institutions have become more comfortable with the risk and return profile of infrastructure. Our experience is that mezzanine debt as an asset class tends to offer returns that exceed most defined benefit plan actuarial return assumptions, while providing better

downside protection than other private asset classes, both through capital structure seniority and faster distribution-to-paid-in (DPI) capital return.

The median private debt fund reaches a 1.0x DPI in its sixth year, compared to the eighth year for private equity[1]. Infrastructure debt makes up a small but growing sub-niche of the private debt market, with US$43 billion raised globally since 2013[2]. AMP Capital's infrastructure debt AUM represents around 10% of this total.

The ring-fenced debt is highly protected, as assets and cash flows within the structure cannot be used for any purpose other than those specified by the lender. As it is a niche area of the market, it has little competition from other lenders, therefore the AMP Capital team can be selective in choosing what it sees as the best opportunities for investing clients.

Across both infrastructure equity and debt asset classes, AMP Capital has seen an increased preference from its largest investors to add direct investments to their portfolio. The company has developed various opportunities to allow them to do this.

Existing investors in the AMP Capital infrastructure equity and debt funds are given the option to make commitments which can invest alongside the funds.

AMP Capital has strengthened its communications and reports around the COVID-19 pandemic and have been providing ongoing updates on assets and strategy via webinars and conference calls with clients on a regular basis.

Every year the company carries out formal research to measure how effectively it is meeting its expectations, by running an annual survey where clients are able to openly share their experience.

1 EY Private Equity Capital Briefing, July 2018; https://www.ey.com/Publication/vwLUAssets/ey-pe-capital-briefing-july-2018/$FILE/ey-pe-capital-briefing-july-2018.pdf
2 Private Debt Investor, 'Infrastructure debt reels in US$43bn', September 2018

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Institutional Asset Manager of the Year

Best ESG Strategy

Equities Manager of the Year

Best Factor Investing Solutions Provider

Best Emerging Markets Fixed Income Manager

BNP Paribas Asset Management

In a very competitive field, BNPP AM demonstrated excellence across many different aspects of their Asian business

David Choa, Head Greater China Equities

Paul Sandhu, Head Multi Asset & Quant Solutions / Client Advisory Asia Pacific

Congratulations to BNP Paribas Asset Management (BNPP AM) for winning the marquee award of Institutional Asset Manager of the Year. In a very competitive field, BNPP AM demonstrated excellence across many different aspects of their Asian business.

Individual awards were gained in Greater China Equity Investment, Emerging Markets Fixed Income, Factor Investing and ESG Strategy. The firm saw strong inflows to key fund strategies during the year. Total assets under management in Asia grew by 18% and fund performance was strong, especially relative to the peer group.

Equities expertise

BNPP AM's Greater China equities team shone once again in 2020 after an impressive performance in 2019. The team in Shanghai and Hong Kong, currently led by David Choa, has an unmatched record in fund performance across any market conditions.

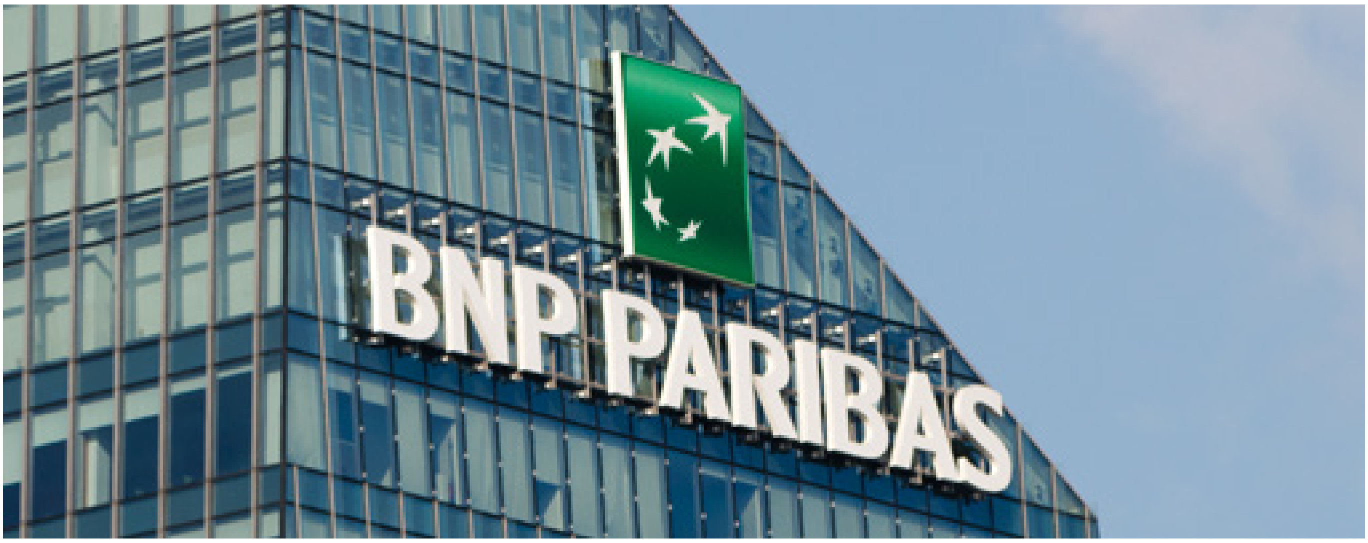
The Greater China Equities Strategy grew its assets under management by 60% in 2019 (compared to 2018). The strong flows continued into this year, bringing the AUM to +160% (vs. end-December 2018). This is all the more remarkable as Greater China equity mutual funds overall have undergone net outflows.

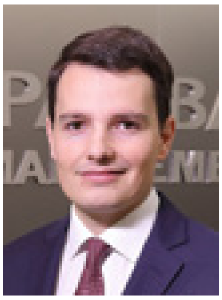
The representative fund of the Greater China Equity Strategy outperformed its reference benchmark by 15.9% for the full year 2019, and by 12% for the first half of 2020, with most of the consistent outperformance coming from strong stock selection.

Factor Investing capabilities

The Multi-Asset, Quantitative and Solutions (MAQS) team at BNPP AM includes 40 quant experts with an average of 15 years' industry experience. In 2019, the global MAQS team was awarded two US$450 million mandates using sustainable factor investing approaches. The group's factor fund range also expanded and received significant inflows.

Armed with the objective of staying at the forefront of quantitative research, BNPP AM has recently recruited highly experienced senior quantitative researchers to bring its Quantitative Research Group to close to 30 experts. The firm also has a dedicated, in-house research team to ensure its portfolios and solutions are created based on the latest academic and quantitative studies; while they continuously research existing strategies and monitor for structural changes in the markets. The result is a man and machine approach to factor investing that complements each other.





Paul Milon, ESG Specialist, Asia Pacific

Gabriel Wilson-Otto Head Stewardship Asia Pacific

Karan Talwar, Senior Investment Specialist EM Debt)

BNPP AM believes there is a mispricing of sustainable development by capital markets, which will be shaped by global sustainability challenges in the medium to long term

ESG strategy

BNPP AM has been a pioneer in sustainable investment, and in March 2019, the group announced its Global Sustainability Strategy, through which it committed to apply sustainable investment across all its assets by 2020.

In September 2019, BNPP AM became the first large asset manager to announce its flagship fund range was 100% sustainable. During the year, its sustainable range of funds grew by more than 40% in asset sales terms.

In order to facilitate a genuine integration in the investment process and avoid any risk of "green washing", BNPP AM adopted a robust and consistent approach, through common ESG integration guidelines applied to all its portfolios and all relevant stages of the investment process.

For ESG research and engagement activities, the investment team benefits from the support of its Sustainability Centre composed of 25 professionals, including three members based in Hong Kong. Among these professionals, the Head of Stewardship works in strong collaboration with the investment team, particularly on active engagement activities.

To reinforce the ESG integration into the process, each investment team appoints at least one team member as an ESG champion, ensuring a smooth reinforcement of the ESG aspects into the process, working in close collaboration with the company's Sustainability Centre experts based in Hong Kong.

This robust approach to sustainable investment includes a focus on three pre-conditions for a more sustainable and inclusive economy - the '3Es': Energy transition, Environmental sustainability, and Equality and inclusive growth.

In essence, BNPP AM believes there is a mispricing of ESG issues by capital markets, which will be shaped by global sustainability challenges in the medium to long term. In 2019, the firm launched an innovative energy transition fund, investing in companies operating in renewable and transitional energy production, energy technology and efficiency, and in energy infrastructure, transportation and storage.

Emerging markets fixed income

2019 was a strong year for emerging market fixed income assets, from a total return standpoint. Looking into performance attribution drivers for the BNPP AM fund, there was a well-balanced level of over and underweight positions that contributed to performance.

The team did not just have long exposures that contributed to performance, but also incorporated hedges and underweight positions to benefit from a market sell-off and to balance the overall risk profile of the fund. In addition, unlike with some other industry peers, Argentina was a relatively flat contributor to the fund's alpha over 2019.

The global EMFI team witnessed steady assets under management growth across its product range in 2019, with the hard currency strategy exhibiting the strongest growth profile.

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Fixed Income Manager of the Year

Alternatives Manager of the Year

Best Sustainable Investment Policy

Insurance Fund House of the Year - Hong Kong

J.P. Morgan Asset Management

"We're very honoured by this recognition and committed to continuing to serve insurers across Asia Pacific."

Rick Wei, Head of Asia Insurance, Asia ex-Japan

It is another impressive performance this year by J.P. Morgan Asset Management (JPMAM). The firm picked up awards in four key categories – fixed income, alternatives, ESG and, for the third year in a row, Insurance Fund House of the Year in Hong Kong.

Overall JPMAM has US$1.9 trillion[1] assets under management, of which its fixed income team oversees US$603 billion globally, across a wide range of strategies including unconstrained, emerging markets debt, high yield and investment-grade credit.

The global fixed income team comprises 275 investment professionals[1] across nine locations around the world. The team is supported by a dedicated Global Insurance Solutions "GIS" team and the infrastructure of a well-established risk management process.

JPMAM has won substantial new mandates across the region in 2019. In Australia, they won a US$6.6 billion constrained global fixed income mandate in February 2019, with one of the country's largest superannuation funds. The win was a milestone transaction, especially given the size of the final mandate more than tripled the original mandate size as JPMAM was entrusted as the client's exclusive partner for fixed income implementation.

The team also picked up two fixed income mandates from a Chinese insurance company in 2019. One was a US$400 million top-up for an existing mandate and the other was a US$55 million mandate for the J.P. Morgan income strategy.

Alternatives Expertise

Under the leadership of Global Head of Alternatives Anton Pil, JPMAM has grown to US$145 billion[1] in assets under management, overseen by a team of 290 investment professionals across the globe.

In 2019, the team was awarded 11 mandates, totalling US$1.3 billion from institutional clients in APAC. JPMAM also partners with its clients to design customised solutions spanning multiple alternatives asset classes. For example, JPMAM helped a Chinese client design a comprehensive alternatives investment framework including an optimal allocation of various core and opportunistic assets, to meet the client's specific risk-return target.

JPMAM also manages an Asia Pacific core real estate strategy catering to investors' insatiable appetite for yield in the region. The focus is on quality, income-producing assets across Asia-Pacific's major developed markets. The team is disciplined in its execution and invests in the traditional real estate sectors, including office, industrial, multi-family residential and retail.

Investing for a Sustainable Future

As a skilled investor, JPMAM understands how the consideration of ESG factors can impact security valuations and enhance risk-adjusted returns. It has continued to evolve its approach to ESG, as the concept has grown in popularity with institutional investors.

The firm's Sustainable Investing global platform consists of three pillars: 1) sustainable investing solutions and product innovation, 2) sustainable

[1] All figures are as of 31/03/2020 unless otherwise stated.

"We're honoured by this recognition of our work by InsuranceNews Asia and look forward to continuing to collaborate with our insurance clients on this critically important topic."

Jennifer Wu, Global Head of Sustainable Investing at JPMAM

investing research and data, and 3) investment stewardship. JPMAM has over 450 ESG integrated, actively managed investment strategies representing US$1.7 trillion of its client assets under management as of 31 March 2020.

The ESG journey at JPMAM began many years ago but the pace has accelerated over the last three years, with more than 200 analysts now integrating ESG factors in their research as well as the portfolio managers in investment decision making, and with a dedicated sustainable investment platform.

Relationships are the key in Hong Kong

As one of the largest and longest established global fund managers in Hong Kong, JPMAM has worked with many of the SAR's biggest investors.

In recent years, the firm has helped a client, which is a Hong Kong subsidiary of one of the China's largest insurers, with its transition from an insourcing to outsourcing model, co-operating with client's senior management and its headquarters in Beijing. The partnership had grown into US$1.26 billion assets under management as of end of 2019, which includes two fixed income mandates totalling US$455 million awarded in 2019.

As an offshore operating entity, the Chinese company is a fast-growing insurance business. Thus, JPMAM has ensured that both senior-level and day-to-day relationships are well-supported – the Client Advisory team meets clients on a weekly basis to keep a constant dialogue to understand their needs and to solve their problems in due course, leveraging internal product partners where necessary.

When it comes to selecting a multi-asset investment manager, JPMAM has the credibility and track record to be considered as a trusted partner for research, insurance strategic asset allocation and investment expertise. The breadth of JPMAM's multi-asset platform and its investment performance are crucial to the new mandates it has won.

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Multi-Asset Fund House of the Year Award

Schroders

Schroders also uses technology to efficiently generate optimal portfolios and develop an all-rounded understanding of portfolio behaviour in different market conditions via stress tests and scenario analysis

Chris Howells
Head of Insurance Solutions Asia Pacific

InsuranceAsia News is recognising Schroders for the Multi-Asset Fund House of the Year Award because of its success in servicing insurance clients in Asia Pacific. The firm has a well-developed investment approach and has devised a variety of solutions tailored to specific investment needs, including local risk-based capital requirements.

Schroders now manages assets in excess of US$102 billion for both balance sheet and unit-linked insurance clients (as of June 2019). Assets under management for this client segment have more than doubled in the last five years.

The investment team adopts a dynamic asset allocation approach that is focused on risk and return requirements, in preference to following a benchmark that might be less relevant. A strategic investment group for multi-asset, known as SIGMA, has adopted a risk-premia based approach for multi-asset research, investment and risk management.

The research effort is organised into seven risk premia groups by asset class. The aim is to utilise both quantitative and qualitative approaches to assess investment opportunities within each risk premium.

The investment process is primarily qualitative, with each member of the global asset allocation committee responsible for identifying valuation and thematic anomalies over a 3- to 12-month time horizon.

Schroders also uses technology to efficiently generate optimal portfolios and develop an all-rounded understanding of portfolio behaviour in different market conditions via stress tests and scenario analysis.

Constraints can be set for an individual asset class or user-defined groups of assets such as global equities or alternative assets. Given that returns from alternative assets can often be abnormally distributed, the predictive tools can model this by allowing user-specified measures of skew and kurtosis.

The approach also makes use of an innovative diversification coefficient to deal with the problem of portfolio concentration, which often occurs in mean-variance optimisations.

As an example of the strategies available within Schroders' multi-asset service, the Risk-Controlled Growth (RCG) strategy targets to achieve an annualised return of USD LIBOR + 5% over a market cycle, with annualised volatility of less than 10%, through dynamic asset allocation in global markets. This strategy enables onshore Chinese insurance companies, for example, to initiate the internationalisation process of their portfolios in a risk-controlled manner.

Since its inception in August 2012, the RCG Composite returned 6.5% p.a., outperforming the cash return by 5.6%, while its volatility was only 5.4% p.a., resulting in an excellent Sharpe Ratio of 1.1.

In Taiwan, Schroders was one of the first global asset managers to work with several of the largest local insurance companies to manage assets for their investment-linked policies. To help its insurance clients deliver the guaranteed pay-out, Schroders introduced different risk control mechanisms on top of its dynamic asset allocation process.

Chris Howells, Head of Insurance Solutions Asia Pacific, said Schroders is committed to meeting the dynamic needs of insurance clients in the region and he believes the firm has demonstrated a serious commitment to Asia, with 24% of the group's AUM by client domicile in the region.

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Best Private Debt Asset Manager

Barings

Barings has made a point to stay focused on its core market, the true middle market—even amid elevated fundraising and increased competition

Ian Fowler
Co-Head of Barings' Global Private Finance Group

Adam Wheeler
Co-Head of Barings' Global Private Finance Group

Last year was a productive one for Barings from a fundraising perspective. The firm has a strong pedigree as a fixed income manager and it has continued to see strong demand from its Asian institutional clients for global and regional exposure.

In 2019, Barings leveraged its global investor base to close on commitments across varying strategies, including European, North American and global mandates, investing across the capital structure. Over the 12 months, it invested US$6.1 billion of capital in 185 unique transactions across the global middle market.

Of course, in the current world of investment, investors who normally turn to higher-yielding assets face a number of potential concerns, such as slowing economic growth, the elongated credit cycle and an increase in defaults.

In an effort to navigate the market successfully through the cycle, fixed income fund managers need to be flexible and nimble in order to move where the opportunity presents itself. Barings draws on an extensive investment platform and long-standing experience to provide access to the global fixed income markets, and look for opportunities to seek relative value across both sub-asset classes and regions.

Barings' private finance platform is a diverse team of over 75 global investment professionals distinguished by its truly global integration, which enables it to execute both regional and cross-border transactions in North America, Europe and developed Asia.

It originates opportunities up and down the capital structure—investing in senior secured loans, second lien, unitranche, mezzanine debt and equity co-investments—and across all major currencies—a feature that differentiates it from many of its competitors.

Barings has made a point to stay focused on its core market, the true middle market—even amid elevated fundraising and increased competition. This means concentrating on private companies with enterprise values of US$50-500 million and EBITDA of US$10-75 million.

An example of the solutions being created by the Barings team includes a mandate to create low leverage, conservative deals—primarily first lien, senior opportunities in North America. Barings sets up a maximum leverage level on the mandate, while maintaining an ability to go higher on a deal-by-deal basis. After operating the mandate for a number of years, the client became more comfortable with Barings as a manager, as well as with the asset class in general. Barings has since begun looking at ways to broaden the relationship. Specifically, the client is interested in going up in risk and exploring opportunities in Europe.

Barings has also created a very specialised account for a large institutional investor in Asia. The client gave specific guidelines for how to invest, which included specifications—such as a number of industry carve-outs and limits on leverage—as well as delayed draw guidelines. Barings was able to meet each of the client's specifications and has received positive feedback on the investments included in the account.

INSURANCE ASIA NEWS
Institutional
Asset Management
Awards 2020

Full List of Winners 2020

Best Institutional Asset Manager
BNP Paribas Asset Management

Equities Manager of the Year
BNP Paribas Asset Management

Best Small Cap Equities Manager
Matthews Asia

Emerging Markets Equity Manager of the Year
Amundi Asset Management

Fixed Income Manager of the Year
J.P. Morgan Asset Management

Best Private Debt Asset Manager
Barings

Emerging Markets Fixed Income Manager of the Year
BNP Paribas Asset Management

Alternatives Manager of the Year
J.P. Morgan Asset Management

Best Active Asset Manager
RBC Global Asset Management

Passive Asset Manager of the Year
China AMC

Multi-Asset Fund House of the Year
Schroders

Best Multi-Asset Income House
Ninety One

Best Islamic Equity Manager
Principal Islamic Asset Management

Best Islamic Bond Manager
RHB Asset Management

ETF Manager of the Year
China AMC

ETF Index Provider of the Year
S&P Dow Jones Indices

Infrastructure Asset Manager of the Year
AMP Capital

Best Infrastructure Debt Strategy
HSBC Global Asset Management

Index Provider of the Year
MSCI

Best Asian Index Provider
China Securities Index Co.

Risk Management Firm of the Year
Conning

Product Innovation Award
MSCI

Best Factor Investing Solutions Manager
BNP Paribas Asset Management

ESG Strategy of the Year
BNP Paribas Asset Management

Best Sustainable Investment Policy
J.P. Morgan Asset Management

Best Sustainability Initiative
First State Investments

Best Investing Product/Strategy
Principal Islamic Asset Management

Best ESG Advisory Firm
Amundi Asset Management

Best Engagement & Reporting Strategy
RBC Global Asset Management

Insurance Fund House of the Year (By Country)

Malaysia	AmInvest
Hong Kong	J.P. Morgan
Singapore	Lion Global Investors
China	China AMC

INSURANCE ASIA NEWS

Institutional
Asset Management
Awards 2020

Awards Dinner 2020: JW Marriott, Hong Kong

We hope to see you at our awards dinner later this year.

During these unprecedented times, there is rightly some uncertainty about hosting a ceremony.

We at InsuranceAsia News are monitoring the situation carefully and when the opportunity arises, we will strive to host a great event for all our winners.

We thank you for your continued support in the meantime.

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Best Active Asset Manager

Best Engagement and Reporting Strategy

RBC Global Asset Management

"In the past 4 years, our Asian institutional distribution team has been actively promoting the RBC Global Asset Management (GAM) strategies in Asia. We have won various mandates from top sovereign wealth funds, pension funds and insurers in the region. We have a dedicated client servicing team in Hong Kong to provide local time zone services to clients. ESG is definitely a theme that RBC GAM has built excellence upon, demonstrated by the multiple awards we have won in the region and globally."

Evelyn Xia, Managing Director, Head of Greater China, RBC Global Asset Management.

Evelyn Xia

Managing Director, Head of Greater China, RBC Global Asset Management

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Active management is much more than investing in companies with the best financial results. The RBC global equity strategy is a high-conviction, research-driven strategy, driven by an experienced team of industry experts.

The robust and proven investment philosophy is underpinned by an investment process embedded with Environmental, Social and Governance (ESG) analysis and risk management. These factors lead to returns that are driven by stock picking with low correlations to the peer group.

The global equity team has been integrating the six UNPRI Principles into their investment process since the inception of the strategy.

Financial results may well tell the team how much gets spent on wages and salaries, but important measures, such as employee turnover or the amount spent on staff training, typically do not feature. Similarly, when it comes to a firm's asset and liabilities, the balance sheet provides the investor with a monetary value of the physical assets, as well as certain intangible assets, but the investor will look in vain for anything in the balance sheet which explains the strength of the human, environmental or regulatory capital.

RBC has made it a key purpose to invest in sustainably great companies at attractive valuations and steward them for the long term. Financial analysis and ESG assessment are intertwined in judging a business.

A contingent liability is created when a company chooses to compromise the future in order to flatter short term results. This contingent liability might be deferred for a period of time but ultimately it can never be avoided, resulting in negative financial consequences for shareholders when it becomes realised.

Forecasting the path of long-term financial performance is something every investor must do in order to sensibly value the discounted future cash flows of a business and so derive a fundamental valuation. By including ESG into their assessment RBC hopes that they have a more inclusive set of assumptions which in turn will lead to a more relevant valuation.

Engagement

Engaging with management or directors is a tool RBC uses to maximise investment returns and lower risk. These engagements are chosen using a risk-based approach, which focuses on the materiality of the ESG risks and opportunities.

The goal of the engagement program is to effectively communicate the manager's views as an investor.

The purpose of our ESG-focused engagements is to:

- Seek better disclosure of ESG risks and opportunities and the steps the company is taking to address them;
- Encourage more effective management of ESG factors when we believe they may impact shareholder value;
- Clarify information in advance of a voting decision;

Where a company is lagging behind its peers on a material ESG

RBC has made it a key purpose to invest in sustainably great companies at attractive valuations and steward them for the long term

issue, to seek a commitment from the company for change, to monitor any changes and to encourage continued improvements that will impact shareholder value.

Over 3 years, RBC's global equity team has had approximately 2,420 company interactions, classified as follows:

Engagement = 260
Active Ownership = 520
Due Diligence = 1640

There are broadly speaking three types of engagement the team performs. The first type, is a 'due diligence engagement' done before investing in a company. This might happen several times over a long period of time before the team invests. This type of engagement assesses management, corporate culture, competitive strengths, strategy, capital allocation, the direction management are heading and other ESG factors etc.

The second type, is a 'stewardship or engagement' where the team exchanges views with company management on companies the team owns, ensuring that the company is being stewarded in a long term and responsible manner and is meeting best practice expectations where possible.

The third type of engagement is where the team tries and affects change or provide a very different view for management or the Board (often the chairman) to consider. This may surround items on the AGM vote, corporate culture, incentives, transparency, governance or a whole host of other ESG factors. A formal letter may be written, and in certain cases a resolution at the AGM could be considered, although generally engagement is the team's preferred tool.

Engagements within RBC are usually the responsibility of the respective industry or sector expert, as they help them gain a deeper understanding of the business. In this respect RBC already has a vast number of engagements that have made a material difference.

Habib Subjally
Head, RBC Global Equity

Habib has more than 25 years of industry experience. Before joining RBC Global Asset Management in 2014, Habib and his team spent eight years together at First State, Managing Global Equities. Habib is a Certified Chartered Accountant and holds the ASIP designation with the CFA Society of the U.K. He holds a BSc (Hons) from the London School of Economics.

Evelyn Xia
Managing Director,
Head of Greater China

Evelyn is based in Hong Kong and is responsible for client coverage and strategic development in Greater China. Prior to joining RBC Global Asset Management in 2016, Evelyn was Head of International Desk at Banco Santander Hong Kong. Evelyn holds a B.A. in English from Beijing Foreign Studies University and an MBA in Finance from the Haas School of Business at University of California, Berkeley.

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Best Infrastructure Debt Strategy

HSBC Global Asset Management

HSBC Global Asset Management's insurance business pedigree is reflected in its over 40 years of experience managing liability-focused portfolios, shareholder funds and unit-linked assets

Edith Lin, Head of Institutional Sales Asia Pacific
HSBC Global Asset Management

HSBC Global Asset Management's Asian Fixed Income platform is one of the key reasons the global manager has such a large base of institutional investors. HSBC Global Asset Management is one of the world's largest insurance asset managers, providing strong breadth and depth of investment solutions across all asset classes. At the end of 2019, it was managing US$151.6 billion insurance assets globally.

It has one of the largest and most experienced Asian Fixed Income teams in the world and manages over US$85 billion of Asian Fixed Income assets for institutional clients, via either fund vehicles or dedicated mandates in US dollar and local currency mandates.

In 2019, as a relative newcomer in the field, HSBC Global Asset Management won its first big infrastructure debt advisory mandate with insurer AIA. The investor had a rigorous selection process, but HSBC Global Asset Management demonstrated it had the right expertise and experience. In particular, HSBC Global Asset Management's ability to provide unique insight and access to infra debt assets - that AIA may not be able to source themselves - was a key factor for the appointment. In addition, AIA were given the reassurance that they would have full access to the investment team.

Also last year, a large mainland Chinese insurance company became an investor in HSBC Global Asset Management's global liquidity fund and global corporate bond fund. On the basis of a strong relationship and constant dialogue, HSBC Global Asset Management was able to show its prudent investment processes, strong investment team and strict risk management, which were important factors in their decision-making process.

HSBC Global Asset Management's insurance business pedigree is reflected in its over 40 years of experience managing liability-focused portfolios, shareholder funds and unit-linked assets.

HSBC Global Asset Management's investment process is characterised by structure and discipline, implemented with skill, by empowered and accountable teams of portfolio managers and analysts. The firm adopts embedded risk awareness and risk management at the heart of its approach.

HSBC Global Asset Management started integrating ESG factors into the investment process in 2001 and was an early signatory to the Principles for Responsible Investment (PRI) in 2006. In its latest assessment, HSBC Global Asset Management achieved the highest A+ PRI assessment score in almost all areas.

The firm uses integrated ESG research and financial analysis in the entire investment process across all asset classes to inform investment decisions and target sustainable long-term return. As active owners of the assets HSBC Global Asset Management uses its influence to promote and vote for high corporate standards. It actively engages regulators, policy makers and other investors on sustainable investment issues.

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Risk Management Firm of the Year

Conning

Positioning portfolios to maximise diversification and leverage uncorrelated return opportunities is important as the dynamics of the market shift

Conning's risk solutions team specialises in applying stochastic modelling to insurance companies. Over the past ten years Conning has performed more than 548 strategic asset allocation studies for over 150 insurance company clients. The firm's SAA tools and expertise are used by institutional investors in Asia to manage approximately US$1.5 trillion in assets.

The modelling process focuses on incorporating the philosophy of an insurers' SAA framework, separating the market into the key drivers of return and risk. It will optimise over those key components before formulating an asset allocation. These customised asset models are developed specifically for Asian economies.

Investment strategies are customisable and designed to integrate with the broader asset classes in the insurer's portfolio, so they support and enhance the insurer's SAA. The models include traditional assets, esoteric assets such as infrastructure debt and CLOs, and derivatives with SAA-balancing economic and regulatory objectives.

The advantages of using this software is its sensitivity to many assumptions, the most important being the volatility of asset classes and the correlation between them; positioning portfolios to maximise diversification and leverage uncorrelated return opportunities is imperative as the dynamics of the market shift.

Conning's Economic Scenario Generator is a unique product combining state-of-the-art asset models with practical usability. With a sophisticated credit model and stochastic default, liquidity and transitions, the ESG allows an exact fit to the spread term structure across all tenors and ratings.

Its investment optimiser software is particularly powerful when analysing assets, liabilities, and capital requirements on an integrated basis. Conning will look at an insurer's liabilities and produce stochastic distributions with an outcome of around 5,000 different possibilities that might happen in five years' when universal life guarantees fall due. This gives them a percentage of which scenario can meet their commitments.

Conning's investment strategies combine a dynamic asset allocation framework with a bottom-up security selection process. Chief investment officers, strategists, economists, portfolio managers and analysts meet monthly to formulate the firm's dynamic asset allocation. This is complemented with Conning's bottom-up fundamental, thematic and proprietary research analysis that drives portfolio construction. As Conning's integrated style brings together specialists from different asset classes, the process creates strong synergies and a coordinated approach.

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Infrastructure Asset Manager of the Year

AMP Capital

Investments are targeted chiefly for their growth potential, offering scalable expansion via organic growth and M&A

AMP Capital's pedigree as a global leader in infrastructure investing was demonstrated once again this year with the company winning the Infrastructure Manager of the Year award for the second year running.

Its considerable experience and expertise in both equity and debt infrastructure has resulted in first class fund-raising abilities and the delivery of consistently strong investment returns. In the last year, AMP Capital successfully closed an infra debt fund-raising of US$6.2 billion and infra equity of US$3.4 billion for the firm's flagship fund, GIF II.

In the infra equity space, AMP Capital takes a forward-looking, outcomes-based approach targeting the mid-market (US$100-500m equity) with an 'infra private equity' type investment approach. This strategy has been developed in response to the challenge of increasing competition in the infrastructure market and he need to mitigate future risks.

Investments are targeted chiefly for their growth potential, offering scalable expansion via organic growth and M&A. An example of this would be the investment in US broadband provider Everstream. Another plank of the strategy is investing in so-called 'under-managed' assets, which have the potential for improvement, such as Leeds Bradford Airport in the UK.

The in-house asset management team at AMP Capital brings valuable industry operational experience to its investment targets. The company seeks a controlling stake in invested companies in order to secure governance control and ensure delivery of the business plan. Integral to this is ensuring ESG best practice at all infrastructure assets.

While many traditional infrastructure investors pursue large core 'trophy' assets such as utilities providers or ports, AMP Capital is particularly active in the mid-market. The mid-market continues to see strong deal flow and much less competition from other infrastructure funds and institutions than the large cap end of the market. It offers better relative value and more investment opportunities and allows AMP to be selective in seeking the best deals for investors.

Across both infrastructure equity and debt asset classes, AMP has seen an increased preference from its largest investors to add direct investments to their portfolio. The company has developed various opportunities to allow them to do this.

Leeds Bradford Airport


AMP CAPITAL
We are one of the world's most experienced infrastructure investors.
Thinking ahead of the market has always been an important part of what we do. We have more than 70 years of experience managing investments on behalf of our clients. In addition, we were one of the first investors in infrastructure in the 1980s.
Investing our clients' money isn't just about finding great ideas. It's also about implementing them with strong judgment and discipline. We take our responsibilities and our clients' trust very seriously.
We offer a range of investment strategies to meet investors' needs.
www.ampcapital.com
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INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Best Islamic Equity Manager
Best Investing Product/Strategy

Principal Islamic

The growing popularity of ESG investing among institutional investors is a good complement to the principles of Shariah investing

Mohd Fadzil Bin Mohamed
Chief Investment Officer

As one of the leading lights in the rapidly growing Islamic finance market in Malaysia, Principal Islamic is forging a reputation for its global and regional investment capabilities. These are based on rigorous fundamental research, a global perspective and disciplined risk management.

Principal Islamic is a joint venture between Principal Financial Group®, a member of the FORTUNE 500® and a Nasdaq-listed global financial services and CIMB Group Holdings Berhad, one of Southeast Asia's leading universal banking groups. Benefitting from the global experience of the US-based parent company, Principal Islamic is able to generate innovative investment ideas for its Malaysian and international clients.

Its Islamic global equity capability is structured to provide investors with medium to long-term capital appreciation, through investments in the global markets that comply with Shariah principles.

Principal Islamic is a dedicated Islamic global asset management house offering holistic and pure management of Islamic assets with end-to-end processes in accordance with Islamic principles. It provides a holistic choice for investors looking for Shariah-compliant investment solutions across various asset classes with a variety of local, regional and global investment strategies.

Principal Islamic is the first to be licensed to publicly launch its global Islamic fund management operations in Malaysia, and among the first asset management companies to obtain Islamic Fund Management Company (IFMC) license under the Malaysia International Islamic Financial Centre (MIFC) initiative. It is also the first bank-owned Islamic asset management company to meet the Global Investment Performance Standards (GIPS). Principal Islamic is also the first Malaysian asset manager to establish an Islamic funds platform in Ireland.

Headquartered in Kuala Lumpur, Malaysia, Principal Islamic is strategically located in the first country in the world to have a complete Islamic financial system, operating in parallel to the conventional financial environment..

With its strategic location within a complete Islamic finance operating hub, Principal Islamic leverages on Malaysia's full-fledged Islamic financial infrastructure and it's adopted global regulatory, legal and Shariah best practices to fulfil its clients' expectations.

Principal Islamic strives for superior consistent performance based on a disciplined investment process that adheres strictly to Shariah principles. We are a natural choice for institutional investors looking for a Shariah-compliant end-to-end investment process that aims to deliver consistently across geographical regions.

The investment managers believe that alpha is generated primarily from a consistent, disciplined stock selection process, in accordance with Shariah principles.

We seek to achieve this by investing principally in Shariah-compliant equities selected from a universe of global securities, with the objective to unearth undervalued stocks with strong potential growth prospects..

The growing popularity of ESG investing among institutional investors is a good complement to the principles of Shariah investing. Shariah-

compliant investments are increasingly valued as an ethical form of investing that promotes real economic activities that are socially desirable.

Principal Islamic's investment managers believe that consistent alpha is generated through early identification of long term growth prospects,and strive to select stocks with improving and sustainable business fundamentals, attractive relative valuations, and increasing investors expectations.

Best Investing Product/Strategy

Principal Islamic is the first Malaysian asset manager to establish an Islamic funds platform domiciled in Ireland's financial hub, Dublin. The Undertakings for Collective Investment in Transferable Securities (UCITS) umbrella allows cross-border sale across the European Union and in other jurisdictions with mutual regulatory recognition. At present, we already have two funds on the UCITs platform, the Principal Islamic Global Sukuk Fund and Islamic ASEAN Equity Fund.

The rationale for the new fund is the fact that, together, ASEAN's 10 members countries form an economic powerhouse. Asean is a major global hub of manufacturing, natural resources and trade

We see this as a milestone in widening market reach for Islamic investment products. Given the rising momentum behind the concept of responsible and ethical investing, we believe that the move is well-timed. Principal Islamic is looking to launch two new funds on its Dublin Platform by the end of 2020.

In January 2020, Principal Malaysia, together with Principal Islamic launched the Principal Islamic ASEAN Equity Fund in Malaysia, to operate as a feeder fund to the Dublin UCITS Islamic ASEAN Equity Fund.

The investment theme for the fund revolves around ASEAN's 10 members countries which together form an economic cooperation supported by over 640 million combined population within the region, sitting third after China and India in terms of population size. ASEAN itself is a major global hub for manufacturing, natural resources and inter-regional trade. The emergence of E-commerce and rising internet penetration, alongside ASEAN-originated unicorns, form a lucrative platform to tap the region's young population and a burgeoning middle class which are driving the rapid growth of the region's digital economy.

Principal Islamic is expecting to launch their third fund on the UCITS umbrella by the third quarter of 2020, namely the Principal Islamic Asia Pacific Dynamic Income & Growth Fund.

INSURANCE ASIA NEWS
Institutional Asset Management Awards 2020

Best Asian Index Provider

China Securities Index

As Chinese and global investors have increasing interest in the China onshore bond market, bond index products are gaining momentum

Suyuan Lu
General Manager of CSI

As China's ETF and indexing market has continued to grow exponentially, so the business of China Securities Index (CSI) has continued to expand in China. It is also increasingly global in reach.

In Asia, there are now over 220 ETFs tracking CSI-managed indices, about one third more than last year. The aggregate AUM is Rmb 568 billion, nearly two-thirds more than last year.

CSI now manages the CSI index family, Shanghai Stock Exchange (SSE) index family and a handful of other indices, covering asset classes such as equity, bond, commodity and markets such as mainland China, Hong Kong and US. The total number of indices has reached 1660, about 15% more than last year.

CSI compiles indices targeting directly to satisfying market demands. The development and application of CSI indices are mainly in the following fronts: state policy thematic investing, bond investing, smart beta and ESG.

As Chinese and global investors have increasing interest in the China onshore bond market, bond index products are gaining momentum. By end 2019, there were 12 ETFs tracking CSI bond indices in Asia, with an aggregate AUM of Rmb 22 billion. The size doubled in just one year.

Recently, an ETF tracking SSE 5-Year Local Government Bond Index is launched on SSE, which gathered Rmb 11 billion assets and became the largest bond ETF in China. CSI continues to be the dominant index provider for bond ETFs in China onshore market and a leading provider in Asia.

Smart beta investment grew even faster in 2019. CSI has developed more than a dozen new smart beta indexes in the last 12 months. These were mainly focused on low volatility, dividend and quality factors, including a custom index for a top-tier international asset manager.

In addition, smart beta strategies have been integrated in many sector or thematic indices. The last 12 months saw the debut of 8 smart beta ETFs with total IPO AUM over Rmb 10 billion.

China Securities has also been active in reflecting demand for ESG products in the region. Apart from launching ESG indices with partners, CSI has been developing its own ESG framework for the particular characteristics of China's local business environment. These new indices are being rolled out in 2020.

Last but not least, CSI was the first Asian administrator recognised under the EU Benchmark Regulation (EU BMR) in October 2019. The EU BMR regulates entities that are involved in the provision, contribution and use of benchmarks in the EU. Following the completion of its first IOSCO compliance review last year, the recognition under the EU BMR further reflects CSI's commitment to the highest standards in benchmark administration.

In expert hands, simple tools create masterpieces.

It's the same with multi-asset investment. Anyone can paint a picture, but it takes expert hands to create masterpieces of depth and complexity. At Conning, we're experts in the art of developing sophisticated, multi-asset allocation strategies for institutional investors. We can create holistic, dynamic strategies that capture evolving market opportunities and limit downside risk. Drawing on a global network of investment centers, our unique objective-driven and client-centered approach enables us to deliver solutions integrated across a wide range of asset classes.

LEARN MORE ABOUT OUR MULTI-ASSET INVESTMENT CAPABILITIES AT CONNING.COM.

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