Asian Investment in the Year of the Fire Monkey

The year of the monkey is forecast to bring unexpected fortune to careful investors.

Fund Management the Key to Successful Investment in Asia

It's the year of the Monkey, the 9th year in the 12 year cycle of the Chinese zodiac. The Monkey is a sign of ambition and adventure, intelligence and quick wit. When combined with the fire sign it does make for an irritable temperament and nowhere is this more evident than in the Chinese stock markets. These markets have been itching to move higher on the back of government stimulus efforts but remain susceptible to fear and correction. Take for example the circuit-breaker induced sell-off this past January. The circuit-breaker rule was put in place to help prevent knee-jerk, fear induced market sell-offs and protect investor capital. What it did was spark a round fear driven selling that triggered a market crash, further eroding already shaky confidence in government regulators.

Since the circuit-breaker crash the Chinese regulators have moved cautiously, trying to avoid further missteps, and has allowed the markets to stabilize. This, along with a few additional doses of stimulus, appears to have stabilized GDP as well, with year over year growth in the range of 6.7%. Other nations within the region are also forecast to produce strong growth. Indonesia, South Korea, Singapore, Thailand and Hong Kong are all expected to post steady if not expanding GDP growth over the next few years.

The good news this year of the Fire Monkey is that we can be on the lookout for “great unexpected fortune” so long as we avoid speculation and cash in on profits when they present themselves, good advice in any year. This fortune may come soon, global indices are hitting new highs and Asia is no exception. Indices throughout the region are at or near their 2016 highs.

Unfortunately governmental missteps with the Chinese markets aren't the only thing making Asian business and investors nervous this year. Old fashioned geo-politics is also on everyone's mind. The recent standoff over territorial rights to large portions of the South China Sea have helped keep investor caution at a simmer as has missile testing by North Korea. Needless to say investing in China and Asia in general, while attractive as a growth environment, remains risky for the average investor. This does not mean that it can't be done, it just requires a lot of due diligence, or the help of experienced money managers specializing in the greater Asian investment arena.

The managers at Value Partners Asia Pacific Fund are just that; experienced money managers specializing in the Asian equity markets. Norman Ho and Philip Li are both CFA with more than 30 years combined experience in the Asian markets. Together they utilize the full resources of Value Partners, Hong Kong's oldest operating money management firm, to scour the equity market for undervalued businesses that are positioned to prosper in Asia's ever changing and always risky investment arena.

Looking forward Mr. Li and Mr. Ho see the possibility of further stimulus in China, South Korea and Indonesia. They are investing in infrastructure as well as the consumer in order to take advantage of government support and a growing consumer segment. In terms of the market and valuations, they see investors focus more on the macro rather than the fundamentals and have caused market weakness and new opportunity for investment in the year of the monkey.

“We remained constructive about the dividend strategy in Asia as global interest rates are likely to stay low for longer period and policies shall stay accommodative within the region.”