

funds europe

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China Post lists Japan ETF

By Nick Fitzpatrick

China Post Global, the international business of Chinese asset manager China Post & Capital Fund Management, has listed its first ETF in London since it bought the Market Access range from Royal Bank of Scotland in 2016.

The Market Access Japan Quality 150 Index Ucits ETF targets quality Japanese stocks and aims to replicate the performance of the iStoxx MUTB Japan Quality 150 Index.

The index comprises companies with high returns on equity, a strong financial health and positive cash flows. In 2017 the index rose 25.7%, compared to the broad-based Topix index which was up 21.8%.

Danny Dolan, managing director at China Post Global, said the ETF had been launched after strong demand from UK-based investors seeking a differentiated approach to Japan, though the fund is available in Austria, Germany, Italy, Netherlands, Luxembourg and Switzerland, as well as the UK.

“A lot of interest has been generated since last year, which was excellent for investments in Japan, ending with the Topix index at a 26-year high, but we do suggest investors look closely at the Japanese market, as taking a more selective approach can pay off.”

Last year, the firm listed a Japan-focused ETF under the Market Access brand in Germany and Switzerland.

Chinese AM lists Japan equity ETF across European exchanges

By Adrien Paredes-Vanheule

Chinese asset manager Chinese Post Global has listed the Market Access iSTOXX MUTB Japan Quality 150 Index Ucits ETF on the London Stock Exchange as well as on Germany's Deutsche Börse and Switzerland's SIX.

It is also registered in Austria, Italy, Luxembourg and the Netherlands, Luxembourg.

This forms the first ETF listing in London of China Post Global since it acquired the ETF Market Access range from Royal Bank of Scotland in 2016.

The ETF seeks to replicate the performance of the iSTOXX MUTB Japan Quality 150 Index invested in companies with high returns on equity, strong financial health and positive cash flows.

"We are very pleased to be listing our Japan Quality ETF on the London Stock Exchange, in response to strong demand from UK-based investors seeking exposure to Japanese companies through this differentiated and innovative approach," commented Danny Dolan, managing director of China Post Global.

"A lot of interest has been generated since last year, which was excellent for investments in Japan, ending with the TOPIX index at a 26-year high, but we do suggest investors look closely at the Japanese market, as taking a more selective approach can pay off," Dolan said.

Lida Eslami, head of ETP Business Development at London Stock Exchange Plc, welcomed China Post Global's first ETF listing in London and said the exchange looks forward to continuing to work with the Chinese manager for new products to market and to deepen the strong economic ties between the UK and China.



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LSE ETF listing first for new look China Post Global

By Beverly Chandler

China Post Global has listed the Market Access iSTOXX MUTB Japan Quality 150 Index UCITS ETF (MAJQ LN) on the London Stock Exchange (LSE).

The ETF is also listed on Germany's Deutsche Börse and Switzerland's SIX, but the firm writes that this is the first time China Post Global has listed a product on the London Stock Exchange since it acquired the Market Access range of ETFs from Royal Bank of Scotland in 2016.

The GBP listing in London provides an additional execution venue, further increasing accessibility and transparency for UK investors, the firm says.

"We are very pleased to be listing our Japan Quality ETF on the London Stock Exchange, in response to strong demand from UK-based investors seeking exposure to Japanese companies through this differentiated and innovative approach," says Danny Dolan, Managing Director of China Post Global.

"A lot of interest has been generated since last year, which was excellent for investments in Japan, ending with the TOPIX index at a 26-year high, but we do suggest investors look closely at the Japanese market, as taking a more selective approach can pay off."

The ETF aims to replicate the performance of the iSTOXX MUTB Japan Quality 150 Index (ISXMJQYN), which invests in companies with consistently high returns on equity, strong financial health and positive cash flows. In 2017 this index rose 25.7 per cent, compared to the broad-based TOPIX index which was up 21.8 per cent.

"We are delighted to welcome China Post Global as a new ETF issuer on London Stock Exchange today. Listing its innovative Market Access Japan Quality 150 Index UCITS ETF in London underlines the growing international investor appetite for exposure to Asian markets, as well as the City's position as a leading centre for international finance. We look forward to continuing to work with China Post Global to bring new products to market and to deepen the strong economic

ties between the UK and China,” says Lida Eslami, Head of ETP Business Development at London Stock Exchange Plc.

The Market Access iSTOXX MUTB Japan Quality 150 Index UCITS ETF is registered in UK, Austria, Germany, Italy, Netherlands, Luxembourg and Switzerland.

ETF STRATEGY

15 January 2018

China Post Global lists iStoxx MUTB Japan Quality ETF on LSE

By James Lord

China Post Global has cross-listed the Market Access iStoxx MUTB Japan Quality 150 Index UCITS ETF (MAJQ LN) on the London Stock Exchange.



Danny Dolan, Managing Director at China Post Global.

The ETF is the first product China Post Global has listed on the LSE since it acquired the Market Access range of ETFs from Royal Bank of Scotland in 2016.

Danny Dolan, managing director of China Post Global, commented: “We are very pleased to be listing our Japan Quality ETF on the London Stock Exchange, in response to strong demand from UK-based investors seeking exposure to Japanese companies through this differentiated and innovative approach.”

Lida Eslami, head of ETP business development at LSE, added: “We are delighted to welcome China Post Global as a new ETF issuer on London Stock Exchange today. Listing its innovative Market Access Japan Quality 150 Index UCITS ETF in London underlines the growing international investor appetite for exposure to Asian markets, as well as the City’s position as a leading centre for international finance. We look forward to continuing to work with China Post Global to bring new products to market and to deepen the strong economic ties between the UK and China.”

Initially launched on Deutsche Börse’s Xetra and Frankfurt exchanges in June 2017, the fund tracks the iSTOXX MUTB Japan Quality 150 Index, a strategy index based on the performance of 150 Japanese stocks with ‘quality’ characteristics such as high earnings potential, low debt, sustainable cash flows and economic stability.

The index, developed in August 2015 as a collaboration between STOXX and Japanese trust bank Mitsubishi UFJ, is derived from the STOXX Japan 600 Index. For all components in this parent index, a combined ranking of four fundamentals ratios (return on equity, debt-to-capital, cash flow generation ability and business stability), as well as a liquidity screen, is calculated. Stocks are ranked according to these scores with the top 150 being eligible for inclusion in the index.

These constituents are then weighted by free-float market cap, with a single-component weight cap of 2% (at rebalance) to reduce concentration in the index. The index is reviewed semi-annually in June and December after the review of the underlying parent index, and rebalanced quarterly in March, June, September and December.

The index is currently dominated by three main sector exposures: industrials (27.1%), consumer cyclicals (25.5%), and consumer non-cyclicals (20.4%), as of 1 January 2018. It is, however, fairly well diversified at the stock level; the largest constituent is Fanuc Corp, one of the world's largest developers of industrial robots, with a 2.3% weight.

Japanese equities were one of the strongest performing asset classes in 2017 thanks to Prime Minister Shinzo Abe's economic policies, so-called 'Abenomics', gathering momentum. The recovery programme helped company earnings and wage growth to rise, unemployment to hit multi-decade lows, inflation to edge higher, a Japan's main stock indices – the Nikkei 225 and TOPIX – to hit its highest level in more than two decades. The strong economic performance, and the overwhelming victory that re-elected Abe's Liberal Democratic Party in October 2017, led to a boost in investor interest.

Data from ETFGI, London-based ETF data provider, shows that assets invested in ETFs listed in Japan increased by over 50% during the first 11 months of 2017 to reach a new high of \$269 billion at the end of November.

Dolan added: "A lot of interest has been generated since last year, which was excellent for investments in Japan, ending with the TOPIX index at a 26-year high, but we do suggest investors look closely at the Japanese market, as taking a more selective approach can pay off."

In 2017, the iSTOXX MUTB Japan Quality 150 Index rose 25.7%, compared to 21.8% for the TOPIX, highlighting the potential for a quality-screened investment in Japanese equities to outperform the broader market.

MAJQ has a total expense ratio (TER) of 0.50% and trades on LSE in pounds sterling. Its Deutsche Börse listing trades in euros under the ticker M9SQ GY, and the fund is also available to trade in Japanese yen on SIX Swiss Exchange (MAJQ SW). There is currently £25m in AUM across all listings.

The fund's fees are little higher than comparable ETFs offering a similar play on the quality Japan theme. In particular, the BNP Paribas Easy iSTOXX MUTB Japan Quality 150 UCITS ETF (ISTM GR), which launched in May 2017, tracks the same underlying index as the China Post Global product but has a TER of 0.30%. It trades in euros and currently has €10 million in AUM. The Lyxor SG Japan Quality Income UCITS ETF (SGQJ LN) meanwhile provides similar exposure to quality-screened Japanese stocks through the SG Japan Quality Income NTR Index. This fund trades in US dollars, has a TER of 0.45% and AUM of \$80m.

Chinese AM lists ETF in London

By Yixiang Zeng

China Post Global, the asset management arm of China Post & Capital Fund Management, has listed its Market Access iSTOXX MUTB Japan Quality 150 Index UCITS ETF on the London Stock Exchange (LSE) to attract global investors.

Besides the LSE, the ETF is also listed on Germany's Deutsche Börse and Switzerland's SIX.

The new listing in London provides an additional execution venue, further increasing accessibility and transparency for UK investors, including private banking clients and high-net-worth individuals.

'Listing China Post Global's Market Access Japan Quality 150 Index UCITS ETF in London underlines the growing international investor appetite for exposure to Asian markets,' said Lida Eslami, LSE's head of energy technology partnership business development.

Specifically, it is in response to strong demand from UK-based investors seeking exposure to the Japanese market, added Danny Dolan, managing director of China Post Global.

'A lot of interest has been generated since last year, which was excellent for investments in Japan, ending with the TOPIX index at a 26-year high, but we do suggest investors look closely at the Japanese market, as taking a more selective approach can pay off,' he said.

According to Geoffrey Post, sales director at China Post Global, the new ETF helps investors invest in companies benefiting from the Abenomics policies.

'We feel the reforms of Abenomics, changes to corporate governance and improving corporate profitability continue to be overall positive, making this stock market more important to global equity investors than in recent decades,' he told Citywire Asia.

The ETF aims to replicate the performance of the iSTOXX MUTB Japan Quality 150 Index, which invests in companies with high returns on equity, strong financial health and positive cash flows.



In 2017, the index rose 25.7%, compared to the broad-based TOPIX index which was up 21.8%.

China Post Fund is a mainland China-based fund house with \$26 billion in assets under management.



18 January 2018

China Post Global to launch onshore China UCITS ETF

By Beverly Chandler

News came this week that China Post Global has listed the Market Access iSTOXX MUTB Japan Quality 150 Index UCITS ETF (MAJQ LN) on the London Stock Exchange (LSE).



March 2016 saw RBS's ETF range Market Access move to China Post Global, in a transition that in a former ETF Express interview with managing director Danny Dolan (pictured) was described as 'smooth'.

That move brought EUR360 million in ETF assets over to China Post Global and those original ETFs plus the new launches have seen assets grow towards EUR500 million with the expectation of further growth as new products are launched.

Also new to the firm is the October hire of sales director, Geoffrey Post, who brings extensive experience promoting Asian ETF strategies. Dolan says: "We remain a niche player but we would like to be influential within those specialisms which are commodities, Asia and smart beta strategies."

The firm has nine UCITS ETFs in total at the moment but plan more. The Japan Quality ETF has attracted EUR30 million in investment since its late May launch with investors keen to familiarise themselves with this different approach, the firm says.

Dolan describes it as a bit different from existing Japan ETFs on the market. Post explains that China Post Global is targeting investors in the UK, Switzerland, Germany and Austria and is also registered in other markets including Italy, the Netherlands and Luxembourg.

"Our target type of investors are sophisticated institutional investors including wealth managers, multi asset managers, private banks, insurance companies and pension funds," Post explains.

"Clearly there is a consistent story from my perspective as I continue to find Japan a very interesting market that has a lot of potential and probably a market that western investors haven't paid a lot of attention to in the last decades. In fact, many have benefited from being underweight Japan equities.

“That phase has passed and we are in a different environment, so a lot of what I am doing is talking to investors about how they see Japan and about their views on Japan. What we are looking at here is something innovative and quite different from what is available in the market.”

Post reports that the feedback he gets from the marketplace is that there isn’t a lot of choice for investors who are going into Japan and Asian markets generally.

“In the ETF world there is not a lot of choice in Japan as most focus on the broad market cap weighted indices. In Europe, there is lots of choice in terms of factor exposures but what we are trying to do is respond to that feedback and give people some innovative exposure which fits in the continuum between vanilla cap weighted index exposures and active managers at the other end of the spectrum.”

Dolan says that the pipeline of new products for China Post Global is diverse, with further specialist products that add value in their particular space.

“We want to provide investors with an investment that wasn’t available to them previously, that is differentiated, and that is a common theme for all our forthcoming launches.”

The next launch is an onshore China ETF but different to the existing products. “We have had very healthy advance interest from investors confirming these are products that people have been looking for and are not able to access currently in the UCITS or ETF format,” Dolan says.