

[Press Release]

“PRC Hedge fund managers need to structure offshore to stay competitive,” says OPIM.



(HONG KONG, November 6, 2015) **Oriental Patron Financial Group and Oriental Patron Investment Management (OPIM)** completed a seminar on “Private Equity Trends in a New Era for Asset Management: Going Abroad” held at the Four Seasons Hotel Shenzhen by as part of its “International Opportunities in a New Era for Asset Management in China” Seminar Series. Over 70 delegates participated in a lively discussion with Hong Kong-based fund industry speakers, including Alvin Fan, CEO of OPIM, Hong Hao, Chief Strategist of BoCom International, Anna Ho, Fund Manager of NESTOR Fund and representatives from leading Custom House, Walkers, Eze Software and Interactive Brokers - tackling macro policy topics like RMB fund flows to practical issues such as regulatory costs of maintaining Cayman funds.

Alvin Fan noted that recent market volatility and changes in government policy accelerated financial industry’s reform of both its regulatory and market participants. To remain competitive, fund managers are forced to evolve their strategies and adopt institutionally

recognized offshore structures, as Chinese investors shifting assets abroad has already become the leading trend.

Significant fluctuations in the RMB exchange rate since August have become one of the leading factors compelling Chinese investors to look globally. According to Hong Hao from BOCOM, considering China's bid to include the RMB for SDR by the end of the year, as well as currency exchange projections, the RMB will experience strong devaluation pressures over the next 5-years. Against this backdrop of currency volatility, Hong believes this opportunistic capital flow abroad helps circulate capital flows between Chinese and overseas markets. If the current trend persists, the offshore RMB derivatives market will expand rapidly over the next 5 years.

Meanwhile, Fan observed that, "the moment PRC managers step offshore, investors will expect the same level of due diligence, corporate governance, and structure that protects their positions in more mature offshore funds. Eventually, many international regulatory best practices will be adopted in China."

According to data released by the Asset Management Association of China (AMAC) as of 30 September 2015, there are over 12,000 "hedge" funds registered in China similar to the number of registered hedge funds globally. "So clearly, this is a discussion about competition," he contends. Chinese fund managers newly established or going offshore must quickly adopt the rules to the asset management "game" at an international level, as well as boost their competitive edge.



OPIM Vice President, Will Li, addressed the question on everybody's mind during the seminar, namely: which fund structure is most suitable for Chinese fund managers establishing offshore funds? According to Li, the choice of fund structure is dependent on the purpose of the fund; for small to medium-sized funds, OPIM introduced the Sunrise SPC propriety offshore fund platform this year, a structure that gives fund managers more flexibility, whilst lowering setup and operational costs. The Platform provides a turnkey fund solution for overseas fund setup and management requiring only 6 weeks to launch a fund.

In the long run, OPIM's mission is to identify outstanding fund managers in China, jointly develop and operate overseas hedge funds, and together, provide high quality alternative investment products for global institutional investors.

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About Us

Founded in 1993, **Oriental Patron** is an independent financial services group, based and fully licensed in Hong Kong. Oriental Patron provides a diverse range of financial services, from Advisory to Investing, from Financing to Securities and Research.

OP Investment Management was established in 2004. Incorporated in Hong Kong, one of the most exciting financial centers in the world, OPIM is a SFC Type-9 licensed asset management company. The firm is also a member of the Oriental Patron Financial Group and associate of OP Financial Investments Ltd. (Hong Kong publicly listed 1140.HK). OPIM has launched and managed over 20 funds across Asia since inception, partnering with emerging managers to develop innovative strategies for institutional and professional investors. OPIM's institutional fund platform attracts both managers and investors from around the world, and we work with the industry's best business partners.

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