

## Schroders

### Matthew Dobbs – Schroders and Asia

- It is instructive that the US has been the market to beat at the same time as lots of people have said it's expensive. Yes, it has been driven by a small number of companies, but those companies have been fantastically successful
- This reflects the dynamism of the US capitalist system and we should not ignore the importance of the corporate sector in driving economies. It is all about stocks
- The best performing asset class in recent years has been the FTSE 250. This shows good companies doing good things with competent management will do well even in a low growth economy
- Asia has grown faster than most other places
- In the Asian indices, there have been a lot of global cyclicals. The 'interesting' bit is relatively small
- China has produced a lot of economic growth but low stock market returns
- The key for us is to shift the focus of what we do. It used to be about surfing the wave – investors could make money just because of the growth. Now it is a much more difficult game. Asia is maturing demographically and economically
- Demographically, we are past the peak. The rate of growth is likely to fall.
- Asia is building its own self-supporting internal ecosystem
- Does it leave it vulnerable to China's weakness? China must slow. It's inevitable, but very few companies are relocating. Even China slows, the dollar-value GDP growth is still a very big number
- The amount of venture capital funding and new ideas are growing
- The length of time Schroders has been present in the region is becoming more important – we are seen as local and that's important in attracting talent

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