



Investment Manager Interview

Tokio Marine Asset Management (London) Ltd

March 2011



Lee Chiow Wei

Deputy CIO

Tokio Marine Asset

Management International

Pte Ltd.

Our Singapore sister company, Tokio Marine Asset Management International Pte. Ltd., is one of the best performing investment managers in Asia for Asian equity investments. The company has won awards for the Best Performance for Far East Asia ex Japan category from the Asian Investor Magazine in 2009 and 2010.

Recently, Mr. Lee Chiow Wei, the Deputy CIO, has been promoted to CIO (Chief Investment Officer) to take the overall investment responsibility for Tokio Marine Asset Management International ("TMAI") with effect from 1 April 2011.

1. What is your investment style?

Our approach is GARP (Growth at Reasonable Price). We think that GARP is the most suitable investment style in Asia. We normally start looking at the growth prospects of the companies and cross check the valuation to make sure the price we are paying is attractive and not excessive.

2. What is your investment philosophy?

We believe that the Asian economies & their corresponding equity markets are growing, dynamic & may at times not be fully informed in a timely manner. As such, fundamental research is the foundation of our investing in such markets.

In particular, bottom up stock selection with consideration to companies' fundamentals and their business environment and cycles is the best way to create alpha. This has become the culture of our investment team after having experienced several market cycles as a team over the years.

We also focus on the value chain of each industry. Covering the whole value chain, which includes both large and small-mid cap companies, enables us to capture investment opportunities much more efficiently.

In practice, we encourage our investment professionals to visit companies proactively. Our experienced senior team members have good access to the senior managers in the companies we cover. I believe this is one of the key advantages for TMAI.

3. What is your organizational management style as the CIO?

My approach to organising these experienced investment professionals is through a team approach. In TMAI, we do not apply a “star fund manager system”. Everybody has the right to participate and everybody contributes to each discussion and inputs into investment decisions.

I genuinely believe in the team and am committed to grow, accumulate and retain good talent within the organisation. We have many young and talented individuals whom I believe are capable of sustaining the quality of our investment expertise going forward.

4. How do you see your team? What are their strengths and weaknesses?

Currently, our strength is the experience and quality of the senior investment professionals in our Asian equity investment team, which we have hired and accumulated through the years and who are sharing the same goal of working as a team to deliver risk-adjusted outperformance. On average, our senior people have about 12 years of investment experience in Asian equity markets.

Also, I should stress that the working environment in TMAI emphasises teamwork and encourages people to work together supporting each other to ensure high quality decisions are made. There are no office politics. Teamwork has become our work ethic and culture and I will continue to further strengthen this excellent culture.

On the other hand, our weakness is that we still currently have some gaps in the organisation. We are in a process of filling in the gaps, but more importantly, we believe this is not just filling the gaps. We are trying to broaden, deepen and expand the organization by appointing Indian and Australian senior country specialists as well as promoting some young analysts to be country specialists who will support the senior country specialists in research and formulating investment decisions.

5. Why should investors invest in Asia?

I believe Asia could achieve a high economic growth rate for the next 10 years, driven by population growth. From our analysis, about 50% of the population in the world is now located in the growing region of Asia. Additionally, people in Asia are getting wealthy and this “wealth effect” might amplify the economic growth. Also, importantly I would like to emphasise that this is not just China growing, but the whole of the Asian region.

Another angle to support investing in Asia is the strong government balance sheets. They are generally stronger than other nations in developed countries.

In terms of investing in Asia, I see some interesting growth opportunities in the infrastructure-related industries and the consumer-related industries driven by strong income growth as well as people getting conscious about their quality of life as they get wealthier.

6. As the active manager, where do you see alpha opportunities lie?

I strongly believe in the bottom up approach. Visiting companies is the best source of information which leads to a better possibility of creating alpha. Through our bottom up research activities, we have found an emergence of new industries such as the new display technology industry and the solar power industry where we expect increasing R&D or capital expenditure. We are excited about these new investment opportunities as sources of alpha generation.

Also, these emerging industries are sometimes in the small to medium cap segments. Our local knowledge and extensive research into the whole value chain could capture even these alpha generating opportunities.

7. What risks should investors be conscious of?

I think there are risks which investors should be conscious about. The first one is inflation. This issue might be problematic this year.

The other risk is property prices. In some areas of China the property price has risen to 15 to 17 times the personal income. In the country which adopted the one child policy, the house price could overshoot as the child could expect strong financial support not just from his/her parents but also from the grandparents. This social characteristic might inflate the housing price in China. We also see strong house prices in Taiwan and Hong Kong.

Even though the house prices in some Asian countries are alarmingly high, we do not expect the Asian housing market to deteriorate like Spain or Ireland. So far, the government has taken reasonable control measurements such as pushing down the loan to value ratio for mortgage banks, increasing interest rates and increasing stamp duty.

Overall, we are positive about the Asian stock market and I believe our bottom up and team driven approach is a better way to realise and sustain alpha from this region in Asian markets going forward.

Thank you so much taking time to talk with me and good luck with your new role.

Interviewer: Yuichi Takayama, CEO, Tokio Marine Asset Management (London) Limited



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