



# Opalesque Roundtable Series '18

# CHINA

Opalesque Roundtable Series Sponsor:



# Editor's Note

President Xi Jinping committed to the construction of a “ecological civilization”. China is implementing a host of sweeping changes such as a radical cut of greenhouse gas emissions through a trading scheme where heavily polluting power plants need to choose between paying for their emissions or cleaning up their act. China has also prohibited the import of waste from other countries. As China used to recycle about half of the globe's plastics and paper products, Western nations have been put into crisis mode as waste now keeps piling up where it was created.

The country has also become a new growth driver in the global green bonds market, according to United Nations' environment agency and the Beijing-based International Institute of Green Finance.

Paul Heffner from Adamas Capital, who first came to China in 1986, says he is *“scratching my head when I read comments that China is not growing.”* People would be “well advised to come here and study and research in detail why there is such growth here. People will need to spend time and understand what's going on.” *[or continue reading this Roundtable script...]*

## China's hunger for alternative investments

Huatai, a futures broker who helped the CTA Winton to enter China, is now collaborating with other large managers to help them trade China onshore. Huatai also has a program with RCM in Chicago to introduce and raise assets for more alternative investment managers in China.

The savings rate in China ranks among the highest in the world and investors are seeking a higher returns as an alternative for investing in the property market or stock market. Immense amounts of wealth are projected to go into wealth management businesses.

The Opalesque 2018 China Roundtable, sponsored by WTS, took place in Shanghai with:

1. Paul Heffner, **Co-Founder, Adamas Asset Management**
2. Keith Wu, **Managing Director and Head of Equity Investment, China Everbright Limited**
3. Alex Gu, **Marketing Director, Huatai Futures**

The group also discussed:

- Outlook on: Chinese Property, Private Equity, Fixed Income, and Public Equity Markets (Page 8). Drivers for the Chinese equity market (page 9, 12)
- Opportunities in Private Debt in China: The funding gap of 50m Chinese SME & Rule of Law in China (page 7, 14, 19-20, 22-23).
- Development of the finance sector in China. The Stock Connects & their implications (page 8, 17-18, 21). New financial regulations (page 9-11, 12, 21). What about the China debt? (page 7, 10)
- Paradigm Changes: Understanding the 2015/16 shift in China (page 8, 14, 17)
- New social developments in China (page 11, 23)
- Chinese Unicorns, New and Old economy: Why both prosper in China (page 14, 16, 19)
- Environmental social governance: Opportunities and real changes happen on many levels (page 14-15)
- The return of Trust – how do the informed Chinese think about China? (page 14-15, 18)
- Chinese fund managers' risk management: Page 19-22.

Enjoy!

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# Participant Profiles



(LEFT TO RIGHT):

Paul Heffner, Keith Wu, Alex Gu, Matthias Knab

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# Introduction

**Paul Heffner**  
Adamas Asset Management

I'm Paul Heffner, Co-Founder of Adamas Asset Management. We are based in Hong Kong and also have a joint venture with Ping An Trust. We provide secured lending to growth companies in Greater China. We have teams in Hong Kong, teams in China and one representative in Europe who helps us with our business development.

I came to China in 1986 as a student, studied at Nanjing University and have been full time in Hong Kong since 1994. Over those 30 years I have seen tremendous changes in China and in investing where alternative investment strategies have become very attractive for large global investors.

Our investors include a European Development Finance Institution, a Middle-Eastern Sovereign Wealth Fund, a US public pension fund and large family office from Asia. We also have the support and backing of Ping An Trust.

**Keith Wu**  
China Everbright Limited

My name is Keith Wu. I'm the Managing Director and Head of Equity Investment for China Everbright Limited. China Everbright Limited is a subsidiary of China Everbright Group, one of the only two licensed financial conglomerate in China directly under the State Council. China Everbright Limited itself is an asset management company listed on HKex since 1997, with AUM of US\$14 billion. Our main business is cross-border investment, so in the past we have been helping foreign investors investing into China, but in the recent years, we also helped domestic Chinese investors, mainly institutional investors to invest overseas.

I am responsible for the public equity investment business for China Everbright Limited. Our main fund is the Everbright China Focus Fund, which is a fundamental China-focused absolute return equity fund, aiming to deliver 15% to 20% return per annum with relatively low volatility by investing primarily in Greater China, including onshore A-share market and offshore-listed China companies.

I have been running the Everbright China Focus Fund as the PM for the past four years and during this period, the fund has an annualised return of 19.95% with a Sharpe Ratio of 1.32.

The fund has also won a few regional hedge fund awards. It was ranked No.1 in terms of net performance among Emerging Markets - Asia funds by BarclayHedge in 2015, and in 2016 named Best Asian Long Only Absolute Return Fund by Eurekahedge. In 2017, I was named Overseas Golden Bull Hedge Fund Manager by China Securities Journal, the most prestigious award for the hedge fund industry in China.

**Alex Gu**  
Huatai Futures Shanghai

My name is Alex Gu, I'm the Marketing Director of Huatai Futures Shanghai. Huatai Futures is one of the five largest futures brokers in mainland China in 2016, and we are poised for growth as we increase our market share into 2017/18 to maybe among the top three. My role at Huatai has me in charge of financial institutions in Shanghai and the **"foreign fund manager leading program."** Huatai Futures participated in the Winton leading program and helped Winton reach near capacity since entering the Chinese marketplace. Presently Huatai is identifying other managers that we will help enter the Chinese marketplace; Huatai has started to collaborate with names such as Millburn in New York, EMC in Chicago and Metori in France, and we have several other managers globally that we are currently performing due diligence on.

For organizations that have not navigated the Chinese markets before, Huatai has the knowledge and expertise to provide guidance as the opportunity scales up in the coming years. For this program, all the trades are being place in mainland China because Chinese futures markets have pronounced trends and we think systematic trend following strategies will be able to capitalize on these trends. Managers that have entered in recent years have been able to capitalize. As one example, Winton's performance was over 25% in 2016. So in review myself and my team are looking to aid foreign managers coming into China to trade the Chinese markets.

We also have a collaboration with RCM in Chicago; one of the largest and most well respected introducing brokers in the managed futures space on the manager leading program. RCM has been tasked to choose the most capable managers and assist with vetting and due diligence using their experienced team and advanced tools. Once choices have been presented, then from our side I am in charge of asset raising and distribution. Though this program is a relatively new initiative it is gathering traction and we are getting interest from large institutional investors. I already have some Chinese joint venture partners very interested in this program. Currently there are over hundreds of millions of US dollars looking for alternative investment options in China, but we don't have that many qualified fund managers here, so we want bring more and more good fund managers and good strategies to China.

As the US program shows success Huatai will start similar programs with fund managers in the UK and Australia. We've spoken with a number of institutions that have an appetite for exceptional asset management in China, and all of them are giving us a positive feedback and confidence to continue with this program, so we all believe that this is a good and sustainable development.

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# Tax and the Globalization of the Fund Industry



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## **Quality tax compliance is a decisive market entry factor in many jurisdictions**

International funds, hedge funds, private equity and alternative investments as well as innovative, sophisticated products and asset allocation strategies are breaking ground globally. From a tax law perspective, this means that international asset managers require both additional investor tax compliance and tax structuring solutions. For example, the upcoming implementation of the AIFMD into German law brings about a further diversification of German investor tax reporting regimes.

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**Paul Heffner:** From our perspective, as a direct lender to Chinese companies, there are a few things to mention. **Major Chinese companies are partnering with specialised firms to expand their business and their global footprint.** For example, our strategic partnership with Ping An Trust is the first joint venture US dollar fund as a Co-GP for Ping An.

**Overall as a group, Ping An has c. USD 1 trn in total assets with significant resources** to source deals but with limited experience in the private credit outside of China. Ping An saw tremendous value in our relationship with global institutional investors and proven track record in private credit and committed to work with us to build a formidable private credit platform for Greater China. This clearly differentiates the Adamas Ping An Opportunities Fund from other Asian private credit funds.

Next, the Adamas Ping An partnership fills a **trillion dollar funding gap** for growth companies seeking expansion capital. There are over 50 million small, medium sized enterprises in China with less than 5% able to access traditional bank financing. Most corporate lending today is primarily between state owned banks and state-owned enterprises, which also represents a large part of the debt China accumulated since 2009. The Adamas Ping An fund targets a small number of growing companies that seek non-dilutive financing and can leverage our combined resources to become a leader in their respective industry.

We focus on particular investment themes that have a favourable outlook for the next 10-20 years, including the growing need for healthcare, improving the environment, and in general encourage greater consumption. This is what the banks should be doing, but the general practice for lending is short term, generally less than 12 months. Our fund is more flexible and provides an important bridge for companies to invest in new equipment, expanding operations and in some situations, restructure their company to prepare for expansion outside of China.

When I speak to global investors about investing in China, there is a perception that China is risky and it will be difficult to enforce in the local courts. The legal system in China is based on **civil law**. It is very important for fund managers to understand the local legal system and have experience enforcing in the local courts.

As a firm, **Adamas has a successful track record enforcing in the local courts.** Risk management and structuring downside protection is a core fundamental to how we manage assets. For example, If I lend Keith \$10, I would need to get back \$20 or \$30 of liquid collateral that I can efficiently enforce in the local Chinese courts. In case Keith defaults, I have a way in which I can enforce and if necessary liquidate the collateral and recover principal, interest, penalty fees and cover legal costs. *As we prepare our loan documentation, we work with the local courts to ensure we can register the collateral and enforce before we lend.* Also as new rules for lending are introduced by the China government, the Adamas Ping An team is quick to review and adapt our investment strategy if needed. From my experience, that is the value of having a local manager in the trenches to best navigate the perceived and actual risks for investing in a developing market.

Finally, over the past 40 years since China opened its doors to foreign business, the driver for economic growth shifted from manufacturing cheap exports to become an innovator of high end products and using technology to better market products and services. For example, Ping An has grown from a general insurance companies to become a high growth technology company. As a group, Ping An employs over 1.6 million people which 1.1 million are salespeople, and has more than **130 million customers**, meaning that 1 out of every 10 people in China do business with Ping An. Since Ping An was founded over 30 years ago, their compounded annual growth rate (CAGR) is close to 30%. I scratch my head when I read comments that China is not growing.





**Keith Wu:** In terms of investments, of course we look at where is the best value for money in different asset classes, I mean we all know that **asset allocation drives the bulk of your return**.

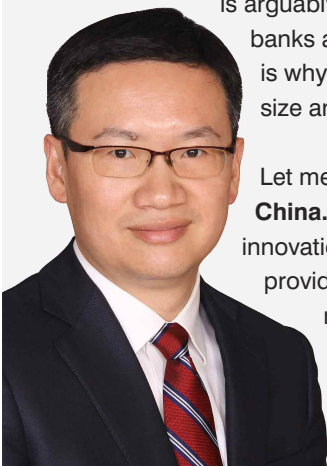
So from a local perspective, if you invested into **Chinese properties** using appropriate leverage, that was probably the best return as an asset class for the past ten years. But going forward, because of the fact that the Chinese government actually changed their attitude towards property investments – they want people to live in their property rather than to trade or speculate – we think that in the future property investments won't be as attractive as before. The government is also changing the rules around the terms of the secondary market for property transactions and this also limits the capacity for property investments.

And then, if you look at **PE Investments**, that sector has also mushroomed over the last five or ten years in China. Five or ten years ago, there were only few international funds coming to China, like Sequoia, for example. But, now you have so many new entrants and also a lot of local people willing to pay a higher price for the same project, with the effect that the competition becomes very fierce. And then PE has traditionally been only a satellite strategy for asset allocation. This means while it can potentially generate very good returns, an investor cannot really put a lot of cash into it.

The **bond market** also used to be very lucrative in China, as well as investment into quasi fixed income products that could easily offer more than 5%, sometimes 6%, 8% or 10% return. Most of them are property related, so they can offer a high return, but now as China is scrutinising those type of high yield products, this limits investments into that as well. At the same time, the interest rates are going up, so most people will have a neutral if not negative view on the bond market going forward.

Finally, we take a look at **public equities** as an asset class. If you invest in public equities, likely you are investing into the biggest companies and industry leaders, because most of these big elephants are already listed. We used to think growth investing equals investing into smaller and disruptive companies, because intuitively small companies imply higher growth. That was how VC made their money. However, interestingly, we find in the past two years consolidations are happening in almost every industries, thanks to stiffer entry barrier, tighter regulatory environment, and higher financing cost.

*We counter-intuitively find that industry leaders are no longer being disrupted, instead they are gaining market share and enjoying better margin and profit growth, and they are still trading at very low valuations!* If you look at the P/E and P/B multiples for Chinese equities, not only domestic Chinese market but also the Hong Kong listed Chinese stocks, you have almost the lowest P/E and P/B multiple compared with other developed markets. For instance, look at the Hang Seng China Enterprises Index, you are talking about P/B multiple of 1.1 and P/E multiple of less than 9. That's really cheap. Of course, this is arguably because most index constituents are Chinese banks, and therefore it's really how you look at banks and their valuations in China. But from our perspective, we think they are really good bargains. That is why I think public equity is the best asset class to invest into right now in China, especially after taking size and liquidity into considerations.



Let me also share more thoughts on your initial question about the **development of the finance sector in China**. If we are talking about the period before 2015 or 2016, I would describe that period as the innovation-phase. A lot of new innovative growth companies were coming out doing micro lending or providing new financial products. But going into 2016 I believe we can say that China has entered a more regulatory phase where the authorities really want to tighten the compliance and regulations in the financial industries. And the impact of that is the smaller company, the start-up companies who are trying to provide innovative solutions may not have the appropriate license right because they are like a pioneer, or they come from the technology side with the aim to sometimes disrupt the



existing business model of the big players. But that also creates some problems when the government could potentially perceive threats to the financial stability of the financial system in China. That is why the government set up this central financial stability committee to oversee the financial innovations and how to properly license and regulate those fintech start-ups.

**Matthias Knab**

Some investors were and some are still bearish on China, remember the discussion about a hard or soft landing of the economy and about the threat from the debt side? Do you think the risk is contained or is there still some latest systemic risk in the Chinese market?

**Keith Wu**

I mentioned before that we see value in Chinese banking stocks, and the reason why we are positive about them is because *we think that the government authorities are managing the systematic risks very well*. They are extremely cautious about potential risks and this actually prevents those potential risks from happening.

**Paul Heffner:** One thing to be aware of are **new financial regulations**, which are just being implemented, particularly around wealth management products. The Central Government is very concerned about the growing shadow banking industry and overall leverage in the financial system. The new rules address this risk, especially targeted at the professionalism or the qualification of individual investor. Financial institutions cannot market guaranteed products or market wealth management products with the implicit backing of a state-owned bank or state owned enterprise. Investors need to be aware of all risks related to an investment. In the end, I believe all of this will help grow the wealth management business for the better.

There are also new rules are define qualified investors to have at least 5 million RMB in financial assets or have earned more than 400,000 RMB a year for three consecutive years. These are the steps and measures in place to protect, which I think actually are very good. Let's take for example a poorly structured wealth management product – one that does not perform. Maybe it's tied to real estate or some other investment and the investors at the end do not get their money back – *while in the past there has been this implication that the government will bail out the bank, or the trust or the issuer, however now the government made very clear statements that they will not back any of these products or any of the financial institutions*. It's now about a cleaning of the market and the survival of the fittest.

Many of the peer-to-peer lending platforms have already shifted from peer-to-peer lenders to become wealth managers. One example is Lu.com, which is actually a Ping An company. We also have to understand how much money is sitting on the sidelines and looking for different alternatives. The **savings rate in China** ranks among the highest in the world and investors are seeking a higher returns as an alternative for investing in the property market or stock market. For example, if I'm working in China and I'm putting my money in the bank, I will be earning maybe less than 1%, but my colleagues could be putting their money on Alipay and could earn up to 4.5%.

And as Keith has pointed out, the Chinese used to put money in real estate but the policies the government are implementing will it make it increasingly more difficult for having property as an investment. *Due to this, many investors turn to the equity markets, and that trend will only increase over time*. Still, it takes a long time to educate investors – a lot of the flow you see is already driven by retail investors, but that tends to be more based on tips and rumours rather looking at pure fundamentals. But when you start looking at pure fundamentals, you then focus on some really good



companies.

Let me also add a comment on the macro situation in China. When we look at what happened in the financial crisis in 2008 and going back even to the financial crisis in Asia in 1997, the debt that China has accumulated now is in RMB. It's not local companies who have borrowed in dollars and with all their obligations tied to dollars. Therefore, if that becomes an imbalance or another financial crisis develops, China is now in a much different situation, so I would not expect a repeat of a type of Asian financial crisis like we had in Indonesia, Thailand, Philippines or Malaysia, where a lot of the borrowing was done in dollars at that time.

A key point to note is that Chinese banks have probably the highest reserves globally – significantly more than the reserve requirements of other global banks. Furthermore, the People Bank of China (PBOC) has tremendous ability and room to cut rates as well.

**Matthias Knab**

So, from the macro side you see that risk in China is contained or more controlled now?

**Paul Heffner:** Yes, I see that the government is taking steps and they have many levers to actually continue to deleverage the overall total debt to GDP. It looks like a large number but then actually on a dollar-for-dollar basis, the US has much more debt than China.



So, again, you could look at numbers and say, “Oh, just look at how much Chinese debt has been increasing since 2009,” and yes, that is alarming. However, when you look at an absolute basis, the debt in the United States and especially the unfunded liabilities with pension funds, Medicare, etc. are much more alarming in the US than in China. Remember that I’m American, but in this discussion, I think we have to look very critically and acknowledge the risks in our market versus China. Where China also has a tremendous savings rate, a lot of the debt is with state-owned enterprises, and the banks have been very conservative overall.

So, yes, there are problems, but I think the government has ways to address them.

**Matthias Knab**

So question that both of you, Keith and Paul were referring to is where are the Chinese putting their money? Real estate is over and equities would benefit a lot, where else is money going within China?

**Alex Gu:** Paul and Keith already gave us a very big view of these questions, but there is another dimension to this question which is not purely financial, but it's also more of a social phenomenon right now emerging. Because in the past two or three decades, many Chinese people are getting rich so fast, they're getting wealthy in one or two decades. But their children may not be involved in this kind of business, all the trades and business is done by older generation themselves, and in China we do not have institutions such as a family office to take care of family's money before say the year 2000.

So, many from the younger generation are holding their money without any family tradition, without any family business. This money is on their hand, they cannot continue their family business because they also think or feel that the times have changed, and that the old business style will not work for them any more.

I found this question in my program as well. I talked to older generation which is rich, and the first question they give to me is that he wants me to build a brand new family business for his kid. By the way, we have the only one child policy in China. There is one case where a son is interested in rap, he is a rapper. He does not want to take care of the family business. So, what the founder can do is find a professional manager for his business. That's the only thing he can do. And he wants to hire a team or form a joint venture with a financial institution offshore or a fund manager, which can help him take care of the family business and let his son have a career.

So, not all are not looking for a way to invest their money, some are looking for a way to continue their business to let their child to have the way to survive in the society, because the younger generation is not always entering and taking over the business their parents have created. And so, there is also this type of social component to this question.



**Keith Wu:** I agree with Paul that Chinese financial consumers are still mostly interested in high yield products. They get those products from the banks, from the P2Ps, from other companies that may not be properly licensed. People think that if you buy those products from the banks, the banks will always endorse the safety of the products, but if you buy them from other channels, there could be certain risks of default. However, people also think if the risk really happens, the consumers could try to go to the government or go on the streets, and then the government has no choice but to bail out the products.

*In my view the government is trying to shake out the smaller players because the smaller players are very difficult to regulate.* In a lot of cases you have good small players, but there are also some bad small players that really set up the bad examples and have a very bad influence on the society. Therefore, the government is tightening up and the industry ends up with bigger players, which, I think, is actually helping the financial stability. Take the mutual fund and hedge fund industries in China as example, over the past five or ten years we saw many emerging managers in the mutual fund and hedge fund space, but what is becoming more evident recently, is that the bigger ones are becoming bigger while the smaller ones face challenges to get customers, to hire good people and have good results.



As we mentioned, the consumer can no longer buy quasi government guaranteed high yield products, so they have to go to buy those products that have fluctuations in their NAV and where they also can potentially suffer a loss, so the client has to be smart and educated. At the same time, they realise that they may fare better seeking professional advice or invest with the professional managers. So that is what's really happening in China, where, again, the better or often the bigger ones are actually surviving and becoming much stronger, but the smaller are shaken out.

I think Paul and other such foreign investment houses have done a very smart job by teaming up with companies like Ping An, because financial conglomerates like Ping An or China Everbright, the company that I work for, owns banks and different financial channels in China.

We have huge base of customers, we have the financial power, and most importantly, we have the trust and credibility among Chinese consumers, backed by the government. So partnering with local financial conglomerates will help a foreign business such as Paul's to stand out from a thousand other competitors.

**Paul Heffner:** Still, having a strong regulatory framework is an absolute must. Hong Kong has done something very interesting recently by **adding new requirements for responsible officers**. It's a manager in-charge regime which now covers eight areas that include risk, legal compliance, investments, business operations, and *now it's not just the responsible officers within a firm that are regulated but also the individuals that head the business divisions are now also responsible*.

In case something happens, not only will the responsible officers will be investigated by the Securities & Futures Commission, but the risk manager may, or the legal and compliance person or the head of investments may. Now there is much more accountability, which for me is an absolute must.

We also see more-and-more Chinese groups expanding into Hong Kong and taking over firms and becoming asset managers. Alex has also pointed out, the wealth management industry is just booming, and people have to put their wealth somewhere. Maybe the entrepreneur's son may not be able to manage the business today, but he will be managing his wealth, and so a lot of wealth will go into wealth management businesses. And those groups that are now buying licenses or starting firms in Hong Kong have to abide by the rules of the SFC, and so they need to hire competent people. So, it's a very interesting development that really is there to protect investors.

Coming back to Matthias' question about the trend and where people invest, when we look back over the last 30 years of history for China, exports and infrastructure were the main growth drivers for China. But now, a lot of that business in cheap manufacturing has moved to Southeast Asia and other places, and the return on infrastructure investment is going lower and lower. As China increases debt, the return on these investments go lower and lower. So where will the focus be? I think it's on **consumption** which here is nowhere close to what you see in parts of Europe or in the United States where 70% of GDP comes from consumption and in China it's only about 39%.

As consumption in China continues to move up and incomes increase, this touches many different sectors and industries, so not only cosmetics but even artificial intelligence, which is what we are seeing more in computer games, and also health care, education, entertainment, travel. All these things are consumption driven, and that long-term trend won't be going away but only to further accelerate and continue to drive China's growth and transition of the economy.







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# EXPERTS

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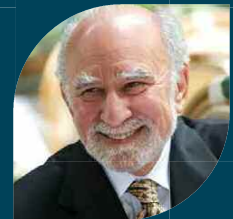
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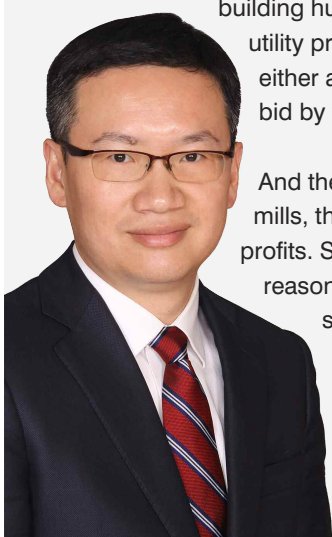


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**Keith Wu:** I agree with Paul that theme wise consumption is huge for the next 10 to 20 years. However, I would like to address this investment opportunity question in a different angle, by comparing the investment opportunities of big companies versus small companies in China. I think before 2015 Chinese economy was in a disruptive phase when it was attractive to invest with the smaller companies because they were growing so quickly while the larger firms, the big elephants moved very slowly. In those days, the smaller firms used venture capital money, and by sacrificing profits, they disrupted the bigger companies and the existing ecosystems and gained market shares and revenues in innovative ways.

*But the competition landscape changed dramatically in the past two years in almost every industry.* The smaller players find themselves increasingly difficult to disrupt because the entry barriers have become higher and higher. For example, there are **much higher environmental protection requirements** in China now. Interest rates are escalating higher, and capital markets just went through a crisis. What we therefore are seeing is that the leaders in almost all industries are not only gaining back market shares, but also gaining back their profits.

This phenomenon is happening in the **new economy**. Take the internet industry as an example, Tencent and Alibaba are both building huge empire and ecosystems, and in their respective empires they are the rulers and they are the utility providers. Smaller companies find themselves increasingly difficult to survive independently, they either are forced to be part of the Tencent or Alibaba ecosystems, or they will face the threat of being out-bid by their rivals who have joined and used that ecosystem to out-bid them.



And then in the **old economy** you also see similar phenomenon. In traditional industries such as the steel mills, the aluminium makers, the paper mills, many of the larger companies are actually making very good profits. So growth is coming back to the bigger ones again, and more importantly, they are valued at a very reasonable valuation, and they are also very transparent in terms of financial disclosures compared with small, private companies.

Therefore, my conclusion is that when we talk about investment opportunities right now in China, I see much more value and better opportunities in the bigger companies than the smaller ones.

**Paul Heffner:** When we're looking at medium as well as at small companies, the aspect of sustainability of those businesses is becoming increasingly relevant. The UN has published 17 goals for sustainable development. What we see is that you have **environmental social governance as a requirement** for every listed company in Hong Kong.

So for corporations it's not just about making a profit, but also to think about the impact on the environment, the impact on the community, on the employees and the longer term sustainability of these businesses, and that doesn't necessarily mean it's impacting profitability. There are very good, profitable companies that can actually apply all of these principles, and I find that *surprisingly, China is leading the way in many of these things and this social consciousness that's coming in.* When you talk to companies in the US or companies in Europe and say, "Okay, what are you doing about social governance?", you will find that there's actually not happening as much as in the developing markets.

At our firm, governance is one of the things we talk about and review when we look at financing a company. *China is of course known for a lot of environmental damage, but on the other side of it the country is also coming up with market leaders when it comes to reversing some of those developments.* For example, there is a company that developed technology to recycle old tires, which cause a huge environmental damage. As these tires wear out, they sit in dumps all over the world, in China, in the US, in Europe. This Chinese technology can basically take all these tires, de-vulcanize the rubber, mix it with natural rubber, and end



up and manufacturing new tires at a much lower price and higher quality. This is led by Chinese companies – it's an amazing business and a tremendously disruptive technology. We are working on it as one of our private investments.

China has also made another interesting change where it is not allowing any more imports of waste products from any other parts of the world. There used to be an industry to take on waste products from the United States, be it electronics or even tires where in the past people took out the threads, remove the steel and then you're left with this crumb rubber that usually showed up in playgrounds. But now, China has banned that, and you can't import waste products. Instead, it is this technology from China that is brought to the United States to the tire dumps there, taking all of those waste tires for which the government actually pays you, and then you create a new rubber, ship it back duty free to China, where it's manufactured into new tires.

This is a process and a development I am very excited about it, because from an ESG point of view, it rates very highly for us, and at the same time, it's very sustainable and creates new jobs.

**Matthias Knab**

This is an interesting point, because the perception of China in the world out there is that China still has governance issues, accounting issues, and massive environmental issues, but what you are saying is that all of these issues have turned here already a while back, right?

**Paul Heffner**

It definitely has.

**Keith Wu:** I can share a real case of my entrepreneur friend. Her factory is the largest manufacturer of Ajinomoto or MSG, Monosodium Glutamate – the seasoning. To be precise, they are making the raw materials, not the final product. The production used to heavily pollute the environment, but now she is telling me proudly that *30% of her profit before tax are actually going into environmental protections for her factory to eliminate the bad smell, the waste water, et cetera.*

Such heavy capital investments into environmental protections actually create very high entry barriers for the smaller players, so the smaller players are being shaken out along the way which in the end can result in price increases and the remaining players making more money. The driving force behind the additional capex for environmental protection is the government, who is really censoring those issues now rather than being too liberal like only a few years ago. This is **a very fundamental development in China.**



Allow me to share another positive change, the change in terms of confidence in China among local Chinese. I have a circle of friends who are entrepreneurs and ultra high net worth people in China. The very popular conversation among these people two or three years ago were often about how heavily polluted Beijing and Shanghai were, and why their kids shall be raised and educated in US or UK or other western countries instead of in their home country China.

*But recently, especially since early 2017, they stopped complaining about China and comparing China inferiorly to western countries. Instead, they now talk more about how safe China is,*



*being a country barring private gun ownership and a country that has installed so many video cameras in the public area. They feel with the recent government policy changes such as barring the import of waste materials and initiatives to curb environmental pollution, it is just a matter of time for China's environment to become cleaner. In terms of where these rich people store their wealth, as the government tightened forex exchange control in the past two years, people also stopped sending funds outside China.*

This means that Chinese people have better confidence now in terms of where to stay and they have no choice in terms of where to put their money. People perceive China as very safe and stable politically and socially, especially after the latest 19th Congress, and the restored confidence of Chinese people helps the Chinese economy in a big way.

**Paul Heffner:** I totally agree, I think we're having a great discussion here. Often people ask about China's growth and say, "Oh, China's growth is declining!" and they are concerned about the future of China, but I believe often those people don't have a full view of the opportunity set.

For example, let's look at some internet stats. There are maybe 270 million internet users in the United States; that represents over 80% of the population. Right now, you have over 700 million internet users in China who only represent 50% of the population, right? As China moves from countryside to the city, there is still room for growth, so between 300 and 400 million people may come on to the internet. That may not necessarily be through tablets, maybe through mobile devices, but you have huge growth still in the internet and all business models around it.

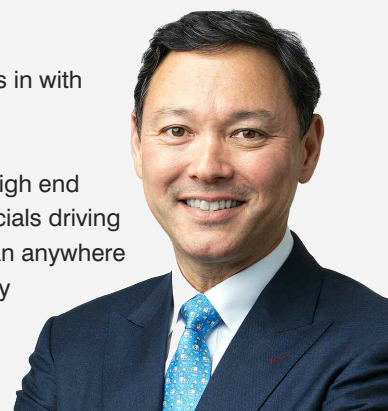
When we talk about the internet and related business models, we can't get around talking about the **unicorns** as well, these are the startup companies that have become billion valuation companies. So, here's another stat: The fastest growth for some of these unicorn companies is coming from China; it's not coming from Silicon Valley. I think this is another sea change some people start noticing. Sure, some still go to Silicon Valley to find the best startups, but that is not necessarily true or the best or only location.

I mean, you have Didi that has overtaken Uber already, right? And then there are a host of other new companies that are starting up in the environment that are being fed by Chinese companies, such as Tencent and Alibaba, as we've already mentioned. Those groups are leading the funding in financing and growth, and quite frankly, Ping An too, for these young growth companies.

So people are maybe well advised to come here and study and research in detail why there is such growth here. People will need to spend time and understand what's going on. And each city is slightly different, but I think the thing that people have to really focus on is that, as Alex hinted at, China is a country of innovation. It's not a country of imitation, but a country of innovation. Today, China is leading the innovation faster than other parts of the world. There are *more patents published by China than any country in the entire world per year. There are also more researchers in China than any other country in the world.*

So again, there are a lot of things to consider when you evaluate China's growth, and a lot ties in with consumption together with innovation as a major driving force.

One last point I would mention is about another potential deal of ours which involves selling high end cars in Southern China. In a period of austerity where you don't want to have government officials driving Bentleys and Rolls-Royces, you can still see that Rolls-Royce is selling more cars in China than anywhere else in the world. And who is buying those cars? The CEOs and Chairmen of these technology companies and unicorns we talked about. There was a one day fair in Guangzhou where 18 Rolls-Royces were sold, and each of them cost more than 11 million RMB.





So once more, China is a tremendous growth story, the country is still in a period where, its economy is transitioning, and that is led by individuals, not by the government. The take-away here should be that everyone who needs or wants to understand China also has to come to China, and I believe the change that they will see is truly mind-boggling.

**Matthias Knab**

Let's look once more how the financial infrastructure, the financial markets have been developing in China.

**Alex Gu**

I am familiar with the futures market which is a little bit different from the equity market. We are a small market. For example, when the CTA Winton came here, they had an upper limit of 5 billion Chinese RMB. That's the amount they can handle in Chinese market, because our fluctuation ratio is not very smooth, and the market is not ready for the big money because the index here is restricted and the crude oil is not on yet.

The government has issued a lot of other regulations that the government, like cutting the excess industrial capacity. Regarding the excess industrial capacity issue, many institutions were already anticipating this policy. So, China is still a policy orientated market, and also for the last years our futures market continued to develop well.

**Keith Wu:** I can share some perspective regarding the stock market infrastructure development. Post the stock market crisis in 2015 and the meltdown at the beginning of 2016, China now becomes more confident in opening up the market and using innovative ways such as **Stock Connect** to get the Chinese equity market more integrated with the international market. *But this needs to be done in a way the Chinese authorities are more comfortable with, and the Chinese authorities demand absolute transparency and the ability to cut things off when they feel things are not really going in the right direction.*

Hong Kong market used to have a tiered access where you don't necessarily know who is really buying – you only know the brokers who are buying, but that's not enough for the Chinese authorities who demand absolute transparency. So that is why the HK exchange is going to enforce a new rule that can ID who are the ultimate buyers, under the request by Chinese authorities, and that is the kind of disclosure standard the Chinese government sees as a requirement.



With the use of Stock Connect Scheme, China allows international investors to invest directly in and out of onshore Chinese equities, and this actually promotes Chinese onshore capital market to be more opened up, and resulting in the inclusion of Chinese onshore equities into MSCI index, announced in 2017 implemented in Jun 2018. Furthermore, following President Trump's visit to China in November 2017, international brokerage firms are now allowed to set up wholly-owned subsidiaries in China, a remarkable progress in this market opening.

Chinese capital markets, both onshore and offshore, are changing gradually but remarkably over time. *If you look at the IPO league table in the Hong Kong stock market now compared to 10 years ago, back then the Wall Street banks – Merrill Lynch, Morgan Stanley, Goldman Sachs –*

*were dominating the league table whereas now the Chinese brokerage firms are dominating the table.* The improved strength of Chinese players in the capital markets actually give the government confidence to further open up because it shows that they do not need to be too intimidated that foreign players would take away most market shares.

Some foreign investors may still under-appreciate the capabilities of Chinese government and bureaucrats. As a local capital market practitioner, I find the Chinese government officers nowadays are really smart and devoted, and that they are running the country in a very practical and sophisticated way. Compared with the economic changes that took place in Russia, many industries were sort of privatised overnight in what can be characterised as a revolutionary way, Chinese government officials want to implement economic changes in a gradually reformed and more controlled manner. Thus the changes are far less risky but more effective and remarkable over the long run.

**Paul Heffner:** Following the Party Congress meeting in October 2017, a number of publications were saying that the real risk in the world is this power consolidation with a very small group of people under Xi Jinping. Some voiced that he has so much power now that this would potentially be disruptive to the overall growth of China.

Yes, there is a lot of consolidation of power, but let's just compare China to the US or other parts of the world – think of UK and Brexit as well – where politics can also be chaotic at times, versus what you really find in China is a very orderly process with very clear directives coming down from the government to the people, in the interest of the people, by very smart people.

The process here is also much different as the Chinese do not worry if they get re-elected every two years, they can rather have a 5-year, 10-year, or a 30-year view. They are really mapping out the steps that are needed to move a country as big as China in an orderly fashion.

We also see that global leaders like Trump are coming to China and looking for cooperation. There is always some friction between countries, but I believe right now it's more about a constructive cooperation, opening up markets, free trade, giving the currency more freedom to move, and in the end improving the overall quality of life. While from one side the markets will dictate these developments, it's also led by a vision from the top-down to achieve this in an orderly fashion.

There is a system of checks and balances, and at the same time I also think you need to have that strong leadership to guide these changes, be it an SOE Reform or opening up the FX or the equity markets, or allowing a more diverse ownership of the banks, these are all things that Xi Jinping is actually addressing, which is from a very transparent point of view good for international investors.

*For all those reasons, I am endorsing the Chinese process because having been in Asia for so long I can see through this and recognise the long-term approach which for me makes a lot of sense. When people are concerned about geopolitical risks or chaos in the markets, I don't think we really have these issues here.*



**Matthias Knab**

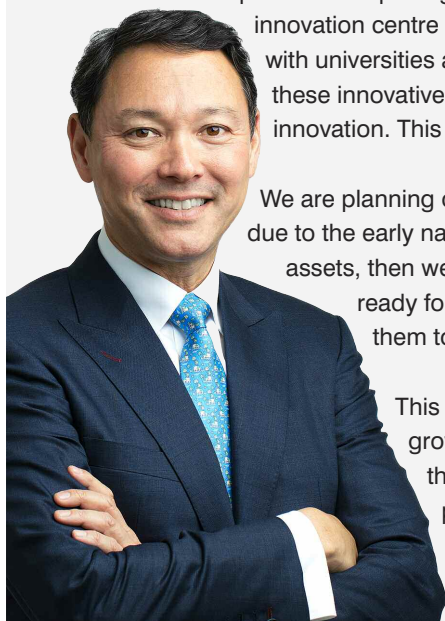
Paul, with Adamas' lending business you are obviously very tied into the Chinese economy and the opportunity set on the private credit side. Please tell us more about that side of the business and the overall opportunity set?

**Paul Heffner:** There are 50 million small and medium-sized enterprises in China, and those 50 million small companies generate 80% of the employment in China, between 60% and 65% of GDP and about 50% of tax.

China has 150,000 state-owned enterprises which only attribute about a third to overall GDP and their return on assets is less than 3% while the small and medium enterprises are generating almost a 10% return. *SME's are almost three times more capital efficient than the state-owned enterprises.*

Things will happen with these state-owned enterprises, they could spin off non-core assets, or merge or consolidate. At the same time, this also creates opportunities for new companies to start up, be it in technology or services or other sectors. However unfortunately, the banks are not lending to these companies. *State-owned banks lend to state-owned institutions while 90-95% of those smaller or newer groups don't have funding from local banks.* This is unfortunate, because if they want to grow, they have to go to small loan companies or to friends and family, or maybe if they are lucky enough, they could go to the capital markets and do a listing, but that's the exception.

Providing growth capital to enterprises is an essential part of how to cultivate overall economic growth and development. There are a number of **tech incubation hubs** put in place in different cities around China by the local governments. They have capital and are putting it to work. If a team or an entrepreneur comes out of another company or university, this innovation centre may fund them and help them fund real estate or office space. They are usually tying up with universities and create high quality employment as well. You then have a sort of cluster effect by these innovative areas or centres that keep growing. Be it in Shenzhen or Xian or other hubs, spurring innovation. This is another very important trend.



We are planning on working with some of these groups. However, at their current stage we cannot invest due to the early nature of the company, but as these companies grow, start generating cash flow, have hard assets, then we can actually work with these companies. From there, we can help expand and get them ready for their next steps. Maybe at some point we will bring them to Keith and you can then take them to IPO.

This is a very relevant and growing ecosystem, and many of these smaller companies are growing and still need expansion capital. The banks are not lending, and they need help, that's where asset managers like us are fitting in. We help these companies grow, and possibly we'll be funding some of the future unicorns in the process.

**Matthias Knab**

What is your selection process, out of those 50 million, how do you decide who you fund?

**Paul Heffner:** Our screening process is incredibly selective; the firm has to fit certain requirements. I already mentioned our ESG requirements, so we are looking at the environmental and the social governance, and that's a tight screen right away. We also avoid businesses in tobacco, alcohol, gaming or any of these so-called sin industries.

Next, we look at the top view of how the China has set their own objectives in the 5-year plan and the environment is number one. Clean air is important. When we are looking at deals, we are looking at it and saying, "Okay, how can we find deals that

meet that requirement.” For example, this rubber company I mentioned, if we can work with disruptive technologies and fund growth, that actually also works with the longer-term plan for the government.

We take that with ESG, and we combine with what we are doing to say we are in support of the policy of the government.

Next, we look at just pure cash flow, just bottom-up fundamentals. Is this business generating cash, which means we have to go and actually visit factories and we have to go on site and talk to customers. It is really old-fashioned investing. It's bottom-up, kick the tires, talk to managers, understand the whole picture. We ask ourselves “Who is buying these products?” “What are their costs?” We need to understand their financials, and then can we help them grow? We also look for their assets onshore as well as offshore, because many of these entrepreneurs are so successful, they own property in Hong Kong, maybe they own property in the United States or own property in Europe. They are willing to pledge their personal assets to us, provide personal or corporate guarantees, first lien on receivables, assignment of material contracts, etc.



**Matthias Knab**

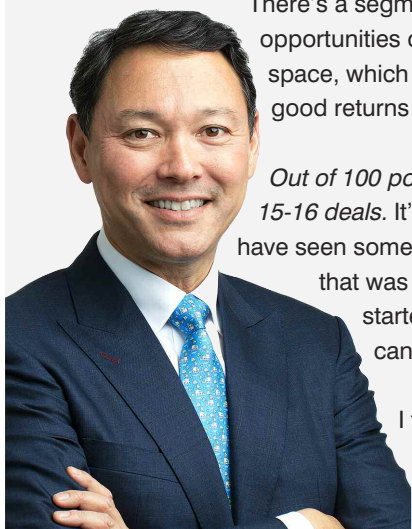
Is there a lot of competition in your space of private lending to Chinese small and mid-cap companies?

**Paul Heffner:** There's growing competition, but I think it's pretty early right now, and I do think that there is room for growth in this business. However, you need good local partners and we have found a tremendous partner in Ping An.

There's a segmentation to the market, and quite frankly, a lot of money is going into distressed opportunities or non-performing opportunities. We want to fund growing companies. It's a very interesting space, which I think long-term for our investors who want to stay with these businesses can make very good returns longer term.

*Out of 100 potential deals, we may fund 1-2 and over the investment period of the fund, we may invest in 15-16 deals.* It's a very selective process, but we have had some great successes. I am pleased that we have seen some companies that have really succeeded – an example was a leading eco resort in China; that was one of our early investments. I think the business was worth maybe \$50 million when we started, and this was in 2011; they have an offer to sell this asset for more than \$1.7bn. So you can just look at the growth in five years, it's incredible.

I think this is maybe for Keith and for Alex, perhaps more investors should be putting more money to work in China.





**Keith Wu:** China wants to have more direct finance and reduce its reliance on indirect finance such as bank loans, that is why China needs to develop its capital markets. A healthy ecosystem is very important to the capital market development.

The public equity market is the main pillar of the capital market ecosystem, and typically the end point from a company development perspective. No matter how much VC money a company gets in its growth stage, in the end you need the IPO so that your early investors can get out and entrepreneurs continue raising capitals for expanding their business.

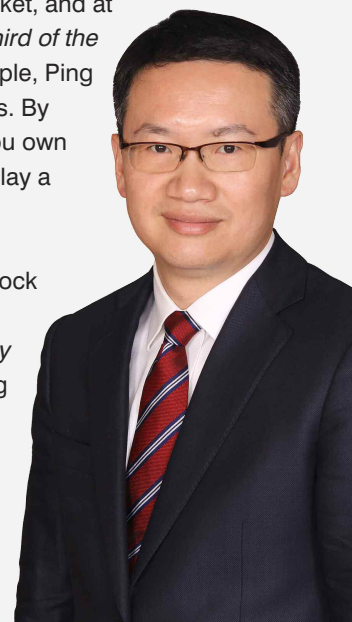
The local public equity market is undergoing some significant changes, and I think it is becoming more efficient. On the one hand, there used to be a quota system for local IPO applications, only very few private companies had the luck of being successfully listed, and they were not necessarily the best private companies in the country. And because new IPOs were scarce, they are priced expensively in the past.

Since 2017, *this IPO quota system has been practically abandoned and now a few hundred new IPOs take place every year, which creates a really large pool of new companies for investors to choose from.* With that, valuations also tend to become much more reasonable. On the other hand, because the number of listed companies is growing that rapidly, it's also much more difficult to really study all those companies if you don't have a very strong research investment team or a large platform to work with. That is why in 2017, retail investors, for the first time in history, lost to institutional investors in the return game. Public equity investment is back to fundamental research rather than speculative bets, and I see this also very positive for the ecosystem.

The launch of **Hong Kong Stock Connect** has also been a major milestone in China's capital market development with tremendous opportunities for HK stock market. HK stock market had been in a vicious cycle in the past, with the prices, volumes and valuations of the listed companies trending down and the ability to help listed companies to raise funds also died down. The key reason for such a bad eco-system was because the HK stock market had been an offshore market for both Chinese investors who could not find an official way to invest due to forex control, and for the US money or European investors whose money flooding in when opportunities rose but also leaving quickly, resulting in the market to be more speculative and volatile.

But now, because of the Stock Connect Chinese money can finally find its way into HK stock market, and at the same time valuations had been so attractive. If you look at the *Southbound fund flows, one-third of the money came from Chinese insurance investors.* This is **very stable and sticky money**. For example, Ping An has been buying ICBC-H and HSBC shares using stock connect channel in the past two years. By latest disclosures they have owned 7% of ICBC-H shares and 5% of HSBC by now, and then if you own such a large package, you will not be leaving overnight. You can see that these institutions really lay a good and stable investor base in the Hong Kong market.

The significant improvements of the eco-system for both domestic onshore market and the HK stock market are fundamental, and therefore I hold positive outlooks for both markets in 2018. I agree with Paul that *international institutional investors need to have a refreshed look about what's really going on in China.* If international investors' confidence on China is restored, they will start buying more in 2018, as international active managers are still largely underweighting Chinese equities. As we will have inflows from both sides, Chinese money and international money, and keeping in mind the MSCI inclusion event in June, I am very optimistic that 2018 will be a big year for Chinese equities.



**Paul Heffner:** This is correct. In our credit lending business, we have done 69 deals since 2010, and we are working on our 70th deal right now. *Touchwood, we have not lost any principal or interests in any of these deals.*



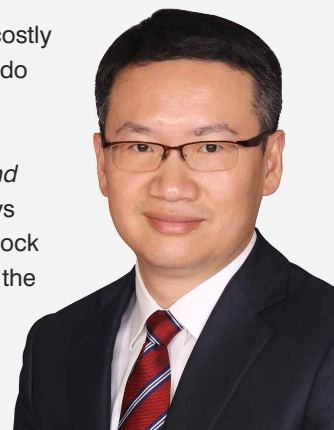
As I mentioned earlier, structuring the downside risk is core to our investment process. We have a very disciplined and lengthy credit review that takes several weeks to complete. This requires onsite visits, review of material contracts, legal due diligence and numerous meetings and negotiations with the company owners and their management team. One interesting observation about the lending landscape in China is not solely determining the borrower's ability repay the loan, but the willingness to repay the loan. The best protection against default risk is the collateral we perfect before we lend.

**Keith Wu:** I like Paul's way of managing downside risks, because basically with his private investments he is trying to offer an option-like structure with a hopefully well-established downside protection and some upside. This unfortunately cannot be achieved in public equity investing, for many reasons. But the beauty of public equity investing is that you have liquidity. When things go wrong, you can walk away.

Everybody knows that the Chinese equity market is very lucrative. The opportunities are huge, it's high growth, but at the same time with high volatility. Therefore, doing public equity in China means you need to manage your volatilities, otherwise, you are just on a roller coaster ride.

So far for Chinese market, hedging instruments are extremely limited, and hedging could be very costly too. The Everbright China Focus Fund is a long-only fund yet aiming to deliver absolute return, we do have to control our downside risk as well. How do we do that?

*One of my key survivor philosophy is that when I am wrong, I am willing to correct my mistakes, and when I am unsure or when situation becomes alarming, I am also willing to not invest than to always invest. That kind of mentality or investment philosophy helped us to be lucky during the Chinese stock market crisis in 2015 when we actually achieved a net-of-fee return of 46% that year. And thanks to the same philosophy, we luckily avoided the meltdown at the beginning of 2016 for Chinese equity markets.*



**Paul Heffner:** Just a small comment on the greater opportunity set in China. There are a number of stocks that you could have actually bought during the downturn in 2016 and still made an incredible return. For example, if you bought Ping An, the second largest insurance company in China, in November 2016, and you held it until today, you still made over 100% return. I don't think people realise that. It's an amazing return that people are generating. Ping An has been a listed equity for almost say 20 years, and their business has been growing significantly.



When I get challenged from time to time from someone saying China doesn't have growth, all you have to do is just pull up the financials of Ping An and look at it. It's right there in the public markets, and anyone can see the growth of these large companies in China, and so also large foreign institutions can make investments in China in the public markets and make a very good return.

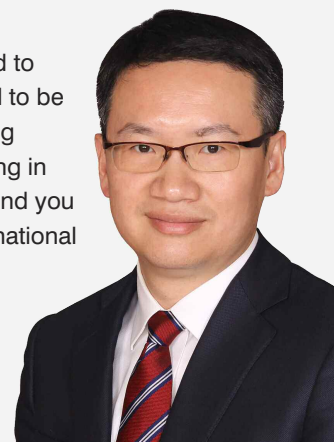
As Keith pointed out, Adamas is active in the private markets, and this space is also growing. *Overall some \$600 billion have been raised globally for private debt over the last few years, but only 10% or \$60 billion has been allocated to Asia. How much of that is directly in China? A fraction, maybe 1%.* It is very minor in the grand scheme of things. Especially when considering China is the world's second largest economy. We are part of a sound ecosystem, and I believe that our space can only get bigger. Very few institutional investors have allocated to China, specifically post-financial crisis. I think this is a time.

**Keith Wu:** I think I can't agree more with Paul. In my view, China will become more and more a mainstream market for international investors, it's no longer an emerging market. And therefore I am also convicted that if you miss Chinese market and the opportunities here, whether it's public investing private market, you are missing a big chance.

Alex and myself talked about some of the underlying social changes among education and other things. It used to be popular for Chinese wealthy people to send their kids to study in US from a very young age. A lot of rich guys already did that, and some of them kind of regret their decision now, because they find their kids come back as "bananas" – like a banana which is yellow outside but white inside, which means that these kids don't really understand China, and cannot survive in Chinese culture or working environment. *So today, we still want a piece of our kid's education being done in US or in UK or in Europe, but not the entire education, and definitely not from a very young age.* We think a bilingual, bi-cultural education is more beneficial for our future generations.

On the other hand, we also know that people like Jim Rogers, Mark Zuckerberg, and President Donald Trump, among many other very smart elite Americans, want their kids or grand kids to have Chinese language education. Why? Because they are also seeing China becoming more mainstream, maybe China and the US will be the two most important markets in the future.

Therefore I can't agree more with Paul in terms of the opportunity set in China, but I also need to emphasize that in order to take advantage of the great opportunities, you need to be on the ground to really appreciate what's going on here, not just reading the headlines in the newspaper – you need to be better informed with the first-hand information or experience. Public media could be very misleading everywhere, for example, what we read in China could be very different from what's really happening in the US too. However as investors if you really cannot be in China yourself, I would highly recommend you to work with **first-class managers on the ground**, instead of investing through the big name international managers who operate out of the New York offices, because in the era of too much excessive information, more often than not noises, the first-hand information and experience of the on-the-ground managers really differentiate and matter to your ultimate investment success.





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Adam Choppin, Manager Research & Investment Strategy of FIS Group

Opalesque videos are regularly featured among the best in any top 10 or top 20 hedge fund / investor video ranking, such as this one which lists 4 Opalesque videos out of a total recommended of 19 videos.

Opalesque started shooting manager videos in 2009 – you will probably know that **Julian Robertson, Izzy Englander, Jim Chanos, Jeffrey Ubben, Danny Yong, Elena Ambrosiadou**, and **many other hedge fund legends** have produced videos with Opalesque. We have also produced videos for some of the **biggest institutions** as well, such as **Morgan Stanley, State Street Global Advisors, M&G Investments.**

## Save up to 50% in travel costs by making your first meeting the second one

Have you ever spent time and money to take a trip to present your fund, only to hear, *"Thank you for coming to our office, and please keep sending me your reports ..."*?

What if you had known before that the investor is looking for something else?

By sending their video to prospects **before the meeting**, the manager wins twice. Should the investor be looking for something else, the manager can focus his efforts on those investors who watched the video **and liked** what they saw.

In these cases, managers tell us that the first real meeting becomes more like a 2nd meeting (the 1st one being the video) as the groundwork has been laid and the meeting will be much more successful and achieve much more compared to a regular first meeting. By better **qualifying your leads**, you can basically halve your travel budget and raise more assets quicker.

## Compliant

- Opalesque.TV videos are produced to comply with your regulatory requirements
- Allow for true reverse solicitation

## You're in control

When you're doing a custom Opalesque.TV video, you have full control about any aspect of your message. This is not a given in any other regular media coverage.

A manager portrait on Opalesque.TV is generally designed to simulate a first time meeting with a prospective investor, meaning that questions like the following will be discussed:

- Please introduce yourself and your firm
- What is special about your strategy?
- How are you different from your competitors?
- What else is important regarding the asset class?
- Opportunities you focus on

## Working with a trusted partner

Over 1.2 million people have watched one or more Opalesque.TV videos, which means that the people you may be targeting will already be familiar with Opalesque.TV videos.

Managers like **Julian Robertson, Izzy Englander, Jim Chanos, Jeffrey Ubben, Elena Ambrosiadou, Anthony Scaramucci**, and many others have done Opalesque videos, as well as institutions like **Morgan Stanley, State Street Global Advisors, M&G Investments**.

# Broad distribution

You can either produce a private video with us, which will only be hosted on the non-public part of your website, or we can offer you the broadest possible multi-channel distribution on Opalesque.TV and our partners like Reuters and other leading platforms. Contact us to discuss your custom distribution package.

Managers have **quadrupled assets** thanks to our video (\$700m to \$2.4bn in 1 year) and also received a book contract or **invitation to speak at the World Economic Forum or at TED** through our video:

- View count: Over 1.3 million views (hundreds of thousands of people)
- Thousands of investors will view your presentations
- Longterm effect: Views do not drop significantly over time
- Without investing a single additional minute of your time - time required to record a video is approximately 90 minutes.

## Costs

For a 10 minute video the all-inclusive package price is US\$10,000 which includes: travel (Europe and NY tristate), full production at your office, multiple edits (cuts), provision of the final video file, and a global, multi channel distribution package. A 15 minute video is \$15,000, so \$1,000 will be billed for each additional minute above 10 minutes. The client determines the final length of the video.

## Links

Opalesque.TV video which got 104 views over 2016 Christmas:

<http://www.opalesque.tv/hedge-fund-videos/patrick-stutz/>

Opalesque.TV videos sorted by number of views:

<http://www.opalesque.tv/most-viewed-hedge-fund-videos/>

Opalesque.TV videos sorted by number of social media shares:

<http://www.opalesque.tv/most-shared-hedge-fund-videos/>

## Contact

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