

# Media Release

14 October 2024

## Asian equities face brighter outlook with valuations set to rise: Man Group

While developed markets continue to climb led by the US, Asian equities have been largely overlooked by investors. However, Andrew Swan, head of Asia equities (ex-Japan) at Man Group, sees a turning point with several tailwinds suggesting a potential resurgence in earnings and share price growth across the region.

There are several key factors driving this positive outlook. Anticipated interest rate cuts by Asian central banks, following the US Federal Reserve, are expected to invigorate equity markets. Additionally, fiscal reform and a focus on stimulating domestic consumption in China point to a positive shift in the world's second-largest economy. Furthermore, the forthcoming infrastructure and devices cycle, fuelled by AI advancements, is likely to disproportionately benefit Asia's hardware manufacturers.

"While Asian equities have been undervalued for an extended period, the combination of these factors can create compelling opportunity for investors. We believe the region's inherent resilience, coupled with anticipated policy changes and technological advancements, paints a promising picture for the future," said Mr Swan.

"Tight financial conditions have weighed on Asian markets, but there's a strong case for optimism. As we anticipate a shift towards looser monetary policies and interest rate cuts these markets are poised for a significant rebound."

This presents an attractive investment opportunity for investors. Smaller economies like Indonesia and the Philippines which have demonstrated solid corporate earnings growth may be well-positioned to benefit, according to Mr Swan.

Analysis from Man Group reveals that the valuation discount in Asian equities has persisted for several months, raising the question of why now is the turning point. The answer lies in a combination of factors that create a compelling case for renewed investor interest.

"Firstly, the anticipated easing of monetary policies across Asia, triggered by the US Fed's pivot, will likely stimulate economic activity and boost investor sentiment. This combined with the region's relatively low inflation rates creates a favourable environment for equity market growth," he said.

"Secondly, China's policy shifts towards targeted fiscal easing and reforms in China's household registration system signal a commitment to sustainable growth and increased domestic consumption. These initiatives, coupled with the potential monetisation of rural land, could unleash a wave of consumer spending, further bolstering the region's economic outlook.



"Finally, Asia's strong foothold in the technology sector positions it to capitalise on the upcoming infrastructure and devices cycle. The advent of AI-enabled devices is expected to trigger a wave of hardware upgrades, benefiting manufacturers in particularly Taiwan, South Korea, and China.

"We believe that the combination of attractive valuations, improving economic fundamentals, and the potential for significant technological advancements makes Asian equities an attractive investment proposition," said Mr Swan. "With valuations currently low by historical standards, investors who are willing to take a long-term view could be well-rewarded," said Mr Swan.

The recent appreciation of local currencies, especially in Indonesia, also signal the start of this positive trend, Mr Swan added. "Investors seeking growth opportunities in a dynamic and evolving market would be wise to consider an allocation to this region. As Man Group's analysis indicates, the tide is turning for Asian equities, presenting a compelling investment narrative for the foreseeable future."

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GSFM specialises in marketing funds managed by high calibre local and international managers to Australian and New Zealand institutional and Australian retail investors, and has formed partnerships with nine specialist investment managers:

- New York based Epoch Investment Partners, Inc.
- Payden & Rygel, a Los Angeles based independent investment management firm
- Munro Partners, an independent global equity manager based in Melbourne
- London-based Man Group plc
- Tanarra Credit Partners, a specialist in private credit instruments
- Access Capital Partners, European independent private asset manager
- Eastspring Investments, global asset manager based in Singapore
- Alantra Asset Management, European small and mid-cap manager
- Australian Entertainment Partners, to produce the AEP Screen Fund, an investment vehicle dedicated to supporting Australian film and television endeavours.

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