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Subject: FT: Bolton's China move surprises colleagues

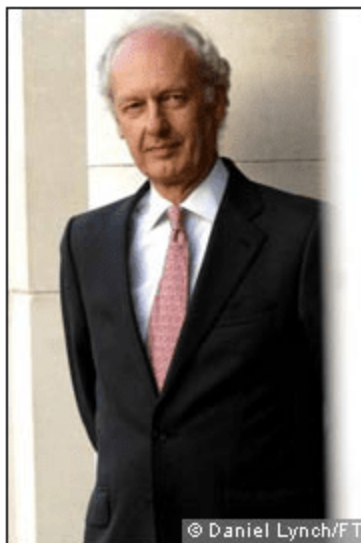
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Bolton's China move surprises colleagues

By Sundeep Tucker in Hong Kong

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Anthony Bolton, the onetime star stock picker at Fidelity International, made his name as a contrarian investor during 28 years in charge of the group's flagship special situations fund.

But few of his followers would have gambled on Mr Bolton, who turns 60 in March, tearing up advanced retirement plans in favour of picking Chinese equities.

Sometime before next March, the Fidelity president of investments will shift from the UK for a new life in Hong Kong, to run a new China-focused fund.

The decision, made last month during a lengthy tour of fast-developing China, surprised even the closest colleagues.

"We all thought he was going to retire next month," said one on Thursday, "he had an epiphany."

The bold move speaks to Mr Bolton's restless intellect and his excitement towards investment opportunities he sees across China.

The Chinese economy, he believes, will for some time outperform those in the west, including the UK, which are saddled with debt-laden government deficits, cautious lenders and wary

consumers.

"The sheer scale of what is happening in China is so different to other countries," Mr Bolton says.

China's growth trajectory was bolstered by the certainty of central planning, he said, which made it a relatively better investment destination compared with the fast-growing regional democracies including India and Indonesia.

Many industry participants wonder, however, whether he can replicate his previous success – he neither speaks Chinese nor has lived in the region. But Mr Bolton appears undaunted by the challenge.

"I am a terrible linguist but, I hope, a reasonable investor," Mr Bolton says, with understatement. "I am not a China expert but will look at China with a global perspective."

Fidelity has an established office in Hong Kong, where Mr Bolton will work alongside the China team of three portfolio managers, five research analysts and three equity traders.

Mr Bolton says that investors in his China fund would benefit from his experiences learned from backing European companies over the past 30 years in sectors such as consumer services and franchises.

Fund management rivals will be keen to learn where the investment money will come from and what will be Mr Bolton's sector allocation strategy. Will the fundraising focus on UK-based investors or solicit money from Hong Kong retail investors – a group ever-hungry for exposure to well-known Chinese stocks?

Fidelity is yet to decide on these key questions – which will determine the strategy of the fund – and aims to unveil technical details nearer the March launch.

The mutual fund group already runs three China funds, managing \$4.5bn (£2.7bn) in assets, and Mr Bolton believes that his fund will add to the group's offering.

"My fund will broadly be more aggressive and take bigger active bets than our existing China funds," he says. "It will be run by me in my style."

Musical mind

When Anthony Bolton retired from hands-on fund management he embraced a long-held love of music composition – and has just released a CD of his work, *My Beloved*, writes **Emiliya Mychasuk**.

He was inspired by the head of music at Charterhouse, his sons' school, to return to a passion to which he had no time to devote since starting in the City at 29, as a Cambridge engineering graduate.

After lessons once a fortnight, he wrote an anthem played at his daughter's wedding, as well as a wind quintet and carols played at St Martin-in-the-Fields. As he moves to

He will, though, rely on Fidelity's Hong Kong research capability and share ideas with other portfolio managers.

He expects to manage the fund for at least two years before deciding whether to slow down once again.

Mr Bolton says that his preference for privately owned Chinese companies over state-owned enterprises was slowly changing, as most recent scandals had involved non-state companies, while government-backed companies had access to the best deals.

He will indulge in Chinese initial public offerings and is agnostic about their listing location, be it the US, Europe, Hong Kong or China. He says he had been investing in China, for Fidelity and personally, since 2005 and made regular visits to meet mainland companies – including 14 on his most recent visit.

His move may prompt western rivals to increase their exposure to the region. "A typical British investor has about 15 per cent of his portfolio invested in emerging markets now and the rest in the developed world. But that will change in the next few years," he says.

In the meantime, Mr Bolton appears energised by his decision. "It means less time in our Caribbean holiday home and less time for my hobby of composing music. But Hong Kong/China is the place to be now and for the next few years."

Hong Kong from Sussex where he and wife Sarah live – their three children have left home – he will keep writing music. The night before last he hosted a performance of his work at St John's Cathedral in Hong Kong.

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