T. Rowe Price

# Meet Haider Ali

## Associate Portfolio Manager, Emerging Markets Discovery Equity Strategy

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**Haider Ali**

*Haider earned a B.S. in physics and mathematics from Forman Christian College in Lahore, Pakistan, and an M.B.A. from Lahore University of Management Sciences.*

**28**
years of investment experience

**14**
years with T. Rowe Price

Hong Kong office location

**2018–2024**
Associate Portfolio Manager, Emerging Markets Discovery Equity Strategy

**2010–2018**
Joined T. Rowe Price as a regional analyst covering energy, resources, and materials stocks in Asia Pacific

**2005–2010**
Equity analyst for Credit Suisse in Singapore

**Q. Tell us about your background and what made you decide to pursue a career in asset management.**

I joined T. Rowe Price in May of 2010 as an analyst covering the energy, resources, and materials sectors in Asia. Since completing my M.B.A. in Lahore, Pakistan, I have been fortunate to look at markets from different angles and cycles over the last 28 years, of which about half have been in asset management. I started my career as a sell-side analyst before joining J.P. Morgan as an investment banker in Karachi, Pakistan, and then moving to Hong Kong. Immediately prior to T. Rowe Price, I was an equity analyst at Credit Suisse. After eight years as regional analyst at T. Rowe Price, I was appointed as associate portfolio manager for TRPA's[1] Emerging Markets Discovery Equity Strategy in September 2018.

One of the things that attracted me to TRPA is that it is one of the few truly global-scale active managers. Other differentiating factors were T. Rowe Price's long investment horizon and its strong focus on putting its clients first.

[1] "TRPA" refers to T. Rowe Price Associates, Inc., investment adviser, and certain of its investment advisory affiliates, excluding T. Rowe Price Investment Management, Inc.

I have also come to appreciate the collegial environment at TRPA. The firm has a strong corporate culture of mutual respect and investment rigor, which is important to anyone developing their career in asset management over the longer term. Finally, as someone working and living in Asia, it's important for me to work for a firm that sees itself as a global firm and that continues to invest in and grow its business both in the United States and internationally.

**Q. Discuss your approach and how you aim to generate value on behalf of clients.**

Associate portfolio manager[2] for the Emerging Markets (EM) Discovery Equity Strategy is a challenging yet rewarding role as there is always something new to learn. In my role as associate portfolio manager, I support Ernest Yeung, portfolio manager of the strategy. At its heart, my role is to extend Ernest's reach. I generate investment ideas, work with Ernest on portfolio construction and position sizing, work with our research analysts on stock ideas, and liaise with our clients—literally anything and everything that can provide the best service for our clients.

The strategy follows a "bottom up" contrarian investment style where we look for economies, sectors, and companies that we believe have been "ignored" or overlooked by mainstream investors. So as contrarian investors, we dedicate more time and resources to searching for those overlooked ideas and dislocated stocks and, in the process, stay away from the "wisdom of crowds."

There are two principles at the heart of our investment process: (1) Have the business fundamentals and the stock price reached some level of downside support? and (2) How will the company regain it earnings power? So the majority of my time is spent looking for new investment opportunities, meeting with companies that might not be on most managers' radar, kicking tires, and assessing business models and prospects.

**Q. Explain how you tap in to TRPA's research platform and other resources to pursue results.**

At TRPA, how we manage and utilize our research analyst platform is truly global, not just in terms of geographies, but also in terms of investment strategies. There are no silos, and portfolio managers get to share and benefit from the experience and knowledge of our colleagues across the platform. Ernest and I rely a lot on the global research team to bring to our attention where they are seeing market dislocation and mispriced assets that fit with our investment discipline.

With emerging markets being so geographically and structurally diverse, accounting for around 50% of the global economy, we have to decide where to focus our bottom-up research efforts. For example, if there is a good investment opportunity emerging in Peru, how are we going to get to learn about it? With TRPA's truly global research platform, we have the benefit of having "eyes and ears" in every important EM market via one of the largest teams of emerging market analysts among global active managers.

We also rely on TRPA's large team of dedicated environmental, social, and governance (ESG) analysts. ESG considerations are increasingly significant but complex in the context of emerging market investing because of lack of uniform standards and regulations across these markets. Our ESG analysts conduct in-depth bottom-up analysis of companies' governance, social, and environmental practices through their proprietary quantitative models to generate an ESG rating for individual companies. ESG considerations form part of our overall investment decision making process alongside other more traditional factors to identify investment opportunities and manage investment risk. They are also instrumental in helping us engage more deeply with companies on their ESG practices and reporting, which I believe is appreciated by the companies, our investment teams, and our clients.

Our close collaboration with our ESG colleagues helps us consider a broader range of risk factors, including supply chain risks, environmental regulatory risks, and shareholder governance factors. ESG considerations form part of our overall investment decision making process alongside other more traditional factors to identify investment opportunities and manage investment risk. We think of our ESG framework as an implicit contract between shareholders, investors, employees, and consumers.[3]

**Q. EM today dance more to their own beat and are less of a beta play on global growth. How much have investment opportunities widened as a result?**

I think that one of the things that makes emerging markets investing so interesting is that it is so very diverse. You have about 24 markets that are significant in terms of their economies and populations that are also at different stages of development. With different development paths, resource endowments, and growth potential, the investment universe for the EM portfolio manager has never been deeper, wider, or more promising than it is today.

A key focus at the country level will be the economic and financial reforms. Market reforms among EM are happening at a different pace, in different stages and—it has to be said—with varying

[2] The Associate Portfolio Manager is responsible for assisting the Portfolio Manager with the investment process and client service efforts.
[3] For certain types of investments, including, but not limited to, cash, currency positions, and particular types of derivatives, an ESG analysis may not be relevant or possible due to a lack of data. Where ESG considerations are integrated into the investment research process, we may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.

degrees of success. Let's not forget that just 30 years or so ago, China was a far more closed economy, dominated by collectives and state-owned enterprises (SOEs). At one point, Malaysia used to have the largest weight in EM benchmark indices. Today, Vietnam is opening up, Korea is introducing reform to improve corporate governance and shareholder friendliness, India is forging a path forward to greater economic prosperity, and Argentina may be returning to international capital markets. There's never a dull moment in EM.

### Q. How does this strategy compare and contrast with others in the market?

We believe that "mainstream investors" can sometimes be very narrowly focused on what may be defined as a high-quality/high-growth basket of stocks, and in doing so, they essentially choose to ignore the rest of the market as uninteresting or of poor quality/growth. While we agree that there are pockets of some very high-quality growth companies in EM, we disagree that the rest of the market comprises poor quality/poor growth companies. There is a large universe of average-quality/average-growth companies, some of which may be getting better, but that might not be reflected in their share prices because of investors' narrow focus. Those average companies that are getting better over time are the sweet spot for the strategy.

Improving business fundamentals and earnings power is at the heart of our investment process. And that improvement in earnings does not need to come solely from a better economic environment. We look for the companies that create value through self-help. Management reorganization, disposal of underperforming assets/business, cost rationalization, and improving capital allocation are just some of the signals that we look for when evaluating a company's earnings potential. There may also be changes in the business cycles, periods of industry consolidation, or changes in political or regulatory environments, which can greatly impact companies. It is through an assessment of these factors that we build our conviction in our investment ideas, and the more factors we can check off, the stronger our bottom-up conviction.

Last, but not the least, as a contrarian value-focused strategy, we are very aware of the risk of potential value traps. This is why cheap valuation has never been the starting point for our investment process in the strategy. We know from experience that in EM especially cheap stocks can remain cheap for a very long time. There are a variety of factors for that, ranging from state/family ownerships to lower activist and private equity participation to companies with poor ESG track records. So our investment process always starts with evaluating business fundamentals, management/shareholder behavior, and the ESG track record of companies rather than cheap valuations. It is a robust, repeatable process, which we are only able to do because of TRPA's unique and global team of investment analysts and ESG specialists.

### Q. Share with us your personal interests and how they might (or might not) intersect with your professional work?

I have a young family with a 14-year-old son and 11-year-old daughter, so spending time with family takes priority. We are truly blessed to be living in Hong Kong, which, in my view, is unique among urban metropolises because of its close proximity to nature parks and reserves. Within minutes, you can move from a dense, busy urban environment to a quiet park or a trail with no trace of the city (apart from some gorgeous views). So as a family, we have been taking advantage of the hiking trails around Hong Kong. My son is a budding birder, and my daughter is a budding environmentalist. I hope by exploring Hong Kong trails they will deepen their connection with this city and their passions.

I'm also a distance runner, something that I discovered relatively later in life. My favorite distance is a half marathon, though I have also run marathons in Hong Kong, Paris, and New York. I like distance and endurance events over shorter speed races because you get to enjoy the journey. An endurance run demands your focus and full attention not just during the event but also when training and preparing for it. Hong Kong also offers numerous trail runs throughout the year, which are terrific ways to explore the island.

**Risks**—the following risks are materially relevant to the portfolio

**Currency Risk**—Changes in currency exchange rates could reduce investment gains or increase investment losses.

**Emerging Markets Risk**—Emerging markets are less established than developed markets and therefore involve higher risks.

**Issuer Concentration Risk**—To the extent that a portfolio invests a large portion of its assets in securities from a relatively small number of issuers, its performance will be more strongly affected by events affecting those issuers.

**Sector Concentration Risk**—The performance of a portfolio that invests a large portion of its assets in a particular economic sector (or, for bond portfolios, a particular market segment) will be more strongly affected by events affecting that sector or segment of the fixed income market.

**Small and Mid-Cap Risk**—Stocks of small and mid-size companies can be more volatile than stocks of larger companies.

General Portfolio Risks

**Capital Risk**—The value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different.

**Equity Risk**—In general, equities involve higher risks than bonds or money market instruments.

**ESG and Sustainability Risk**—May result in a material negative impact on the value of an investment and performance of the portfolio.

**Geographic Concentration Risk**—To the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area.

**Hedging Risk**—A portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended.

**Investment Portfolio Risk**—Investing in portfolios involves certain risks an investor would not face if investing in markets directly.

**Management Risk**—The investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although, in such cases, all portfolios will be dealt with equitably).

**Operational Risk**—Operational failures could lead to disruptions of portfolio operations or financial losses.

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