**Chinese stocks are a buy even without a trade deal, says top emerging market fund manager**

**KEY POINTS**

- "Regardless of what ultimately happens with the China trade talks, there is a robustness in China that doesn't exist elsewhere in the emerging markets," said Louis Kasparow, manager of the Artisan Emerging Markets Growth Fund.

- "The fund has benefited from Kaposvár's bounces on China. The higher interest rates in China have put money into the US, which has been a positive for the US market," Kasparow said.

- "The fund has been increasing its exposure to China, " Kasparow said.

- "The fund in the last year, returning a whopping 29.5%.

The outlook for Chinese stocks may be rosy given the expected gains in China’s US trade relations. But Louis Kasparow, a portfolio manager at Artisan Partners, doesn’t think investors should get too greedy.

"Regardless of what ultimately happens with the China trade talks, there is a robustness in China that doesn’t exist elsewhere in the emerging markets," Kasparow said in a phone interview. "We want to be the beneficiary of the developed world's trade deficits.

"There’s an appetite for capital formation. It’s very difficult to access domestic demand through the stimulus we would like to see in many emerging market countries," Kasparow said. "This is China. If we want to buy into a healthcare company, I think we want to buy into a healthcare company that has a lot of options.

Kasparow’s fund, the Artisan Developing World (ADWEX), has benefited greatly from its positions in China. The firm’s net fund has appreciated 88% of its value over the past year, outperforming more than 90% annually to investors, Morningstar data shows. The fund had been on the forefront, entering a strong 17.2% in 2018.

"In China, we’ve got the rest of the world. We’ve got our upside," Kasparow said. "There’s certainly a possibility in China for 10% of the world’s population to catch up to the other 90% of the world’s population, which is a positive story."

"But we want to buy into the companies that are part of that process, although I think we probably is thinking," Kasparow said. "But my point is to understand another country’s capital market and the capital story and the policy story that really doesn’t exist anywhere else in the emerging markets."