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**China Slowdown a “New Normal”
As Transformation of Economy Advances**

Still upside in equities but expect volatility

PHILADELPHIA, PA, July 27, 2015 – FIS Group, a manager of U.S. and global developed, emerging and frontier markets equity portfolio strategies, today issued its newest Market Insights Alert which looks at the transformation of the Chinese economy from export-led to being driven by domestic consumption. In the alert, “Transition to a Chinese-Style ‘New Normal’: Less is More” FIS Group also provides a detailed evaluation of the government’s progress implementing its reform agenda and concludes that while there is still more upside for Chinese A share equities, the next period will be characterized by extreme volatility.

“Despite China’s largely disappointing economic results, our view is that the transformation it’s going through is both necessary and essential,” said Tina Byles Williams, CEO and CIO of FIS Group. “The traditional, industrial-focused metrics are losing their relevance. In China’s new, less is more economy where the pace of reform is also key to keep an eye on, opportunity for investors will come from consumption-driven service sectors.”



The paper discusses the key priorities of the Chinese government's reform agenda and the progress implementing these reforms:

- Industry Leadership: Shifting from the capital intensive "2nd Industry" to the lightly-capitalized service sector "3rd Industry"
- Economic Structure: Shifting from investment and export to domestic consumption
- Property Market: Short-term improvement but downshifting over the long haul, driven by China's aging demographics
- Capital Structure: Replacing debt with equity; transforming government (including SOEs) leverage into private leverage

In addition to its Market Insight Alerts, which examine global economic themes and are published throughout the year, Tina Byles Williams publishes FIS Group's Market Outlook series on a quarterly basis, based on research that examines market conditions over a three-to-six-month period. The [Market Outlook Q3 2015](#) was published on July 15, 2015.

About FIS Group

FIS Group is an investment management firm that provides customized manager of managers investment solutions for institutional investors. For 19 years, we have delivered risk-adjusted returns by conquering the complexity of identifying high skill, high active share entrepreneurial managers that have gone largely undiscovered by the institutional investor community. Unique among our peers, FIS Group enhances risk-adjusted returns by using macro strategy insights to allocate capital among the managers and/or through a global macro tactical completion strategy. Our culture is a fusion of relentless curiosity and a scientific, disciplined process.

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