

Mark Mobius sets the succession ball rolling

Dover will become Templeton's CIO of emerging markets group; Mobius to stay on as chairman

BLOOMBERG
31 March

Mark Mobius, who popularised emerging-markets investing, will pass on his responsibilities of overseeing the Templeton Emerging Markets Group to Stephen Dover as he steps down from day-to-day management.

The 79-year-old investor, known for a research-intensive style that has him crisscrossing continents more than 250 days a year, remains chairman of the group. Mobius will focus on publicising the prospects for emerging markets and attracting investors back to the asset class, where opportunities are arising again after years of declines, he said on Thursday.

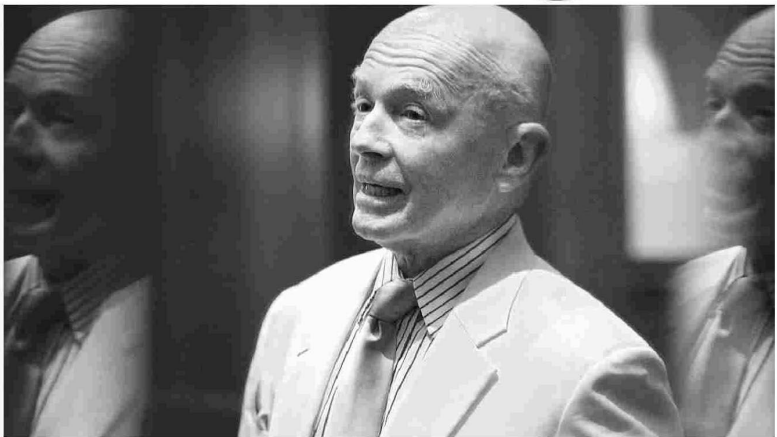
"I feel it's going to be a great opportunity," he said in an interview with Bloomberg Television's Yvonne Man and Rishaad Salamat. "My priority is to push emerging markets forcefully to make sure that people will get back in because they are out and underweight in emerging markets."

Mobius, who has been investing in developing nations for about four decades, developed a reputation for sniffing out stocks that were undervalued relative to their growth potential and built on that by consistently delivering outsized returns earlier in his career. He struggled in recent years as poorly timed investments in commodity and mining companies led to losses.

'Giant' in finance

"Mark Mobius is a giant in the field of finance," Tim Condon, Singapore-based head of Asian research at ING Groep NV, said in an interview. "He was a creator of the emerging-market asset class."

Dover will become chief investment officer of the group and take over some of Mobius's



Mark Mobius, the 79-year-old investor known for a research-intensive style, has passed on his responsibilities of overseeing the Templeton Group to Stephen Dover PHOTO: REUTERS

responsibilities on April 15, the company said in a statement. Mobius announced in July that he will retire as the lead manager of the Templeton Emerging Markets Investment Trust, one of the oldest developing-nation stock funds, and Carlos Hardenberg was selected to take over from October.

Dover, who has more than 20 years of experience in emerging-market investments, currently oversees the team which manages products in 14 markets around the world, from Brazil to China to Poland and Vietnam. He will remain the CIO at Franklin Local Asset Management. The decision brings the Franklin Local Asset Management team and the Emerging Markets Group together, according to the statement.

Slowing growth

Many emerging-market fund managers have floundered as China's expansion slows and former standouts such as Brazil and Russia post disappointing growth amid a rout in commodities. Mobius' flagship \$4.4 billion Templeton Asian Growth Fund lost 27 per cent in 2015, trailing an 8.9

per cent drop in the benchmark and underperforming 99 per cent of peers, data compiled by *Bloomberg* show.

Emerging markets are at a turning point and a reversal is in sight, Mobius told *Bloomberg* this month, signaling optimism after the worst annual rout in four years. Brazil, Russia and Vietnam are among his top picks, he said on Thursday.

The MSCI Emerging Markets Index has rallied 21 per cent from a 2009 low in January, while a gauge of developing-nation currencies rebounded 8.4 per cent from a low on January 20. Demand for riskier assets is rising as oil's rebound from a 13-year low and cheaper valuations are outweighing concerns about China's economic slowdown and the end of near-zero interest rates in the US.

"I would say emerging market assets will be an important class for higher potential growth in the coming years," said Bernard Aw, a strategist at IG Asia Pte in Singapore. "I can't say beyond 5-10 years, as some emerging countries could leave the group after becoming developed decades later. This would change the dynamics."