

Foundations of Research-Works

Research-Works was founded in 1999 to fill the gap in research left by markets' overwhelming short-term focus. Instead it looks from a longer-term perspective. Its founder Hugh Peyman first worked on China 40 years ago, has lived in Shanghai for over 12 years and in Asia since 1977. The main foci are China and commodities, with analysis of Big Ideas and Misconceptions.

China Realists: Research-Works considers itself to be neither China Bulls nor China Bears but China Realists. Its principals and associates draw on their 30-40 years of living in Asia to provide a realistic assessment of China, based on their varied experience of emerging markets, analysis of long-term cycles and broad information networks for insight into China, the world's largest and fastest changing developing economy. Hence the most complicated.

Longer-Term Thinking: Research-Works addresses this complexity by doing the longer-term thinking. It looks out 3-5 years so the next 6-18 months and context are better understood.

Macro Part of Things: Research-Works does the macro part of things, from macro to micro and micro to macro: each reinforces the other in a 360 degree top down and bottom up approach. It thinks in terms of political economy – economic, financial, industrial, social and political. Combining all these elements provides the context and long-term perspective. Then it weighs all the factors to come to a judgment on likely direction as well as magnitude and pace of change.

Companies: Research-Works published the first in-depth English language *China Companies Handbook* from 2005-2008. This has given it a broad foundation to understand how some 20 sectors and over 200 companies have developed in the last decade. Although Research-Works does not make stock recommendations or earnings forecasts, it has views on many individual companies from a long-term perspective. It maintains contact with these companies so as to be abreast of industry trends and their current strategies.

How China Works: Much of what Research-Works does is to analyse how China works. The consensus focuses too much on the short-term and individual data points, assuming that China is or should be like other countries, thereby missing the differences, broader longer-term trends and outcomes. Research-Works goes well beyond what the conventional brokers and media consider the key issues in China. It also spends a great deal of time on Chinese data (in the original Chinese) for accurate comparisons, as many disagreements and misunderstandings about China arise from not understanding the definitions, let alone their context.

Recent Topics: analyses in depth have included:

- **Big Ideas:** China's Private Sector, Productivity, China's Construction Demand for Raw Materials, Urbanisation, Reform, Trade, Incomes, Credit, Long-Term Commodity Cycles
- **Misconceptions:** China's Debt, Ghost Cities, Minsky Moment, Stimulus, Fiscal Position, Property Affordability
- **Industries:** Property, E-Commerce, Banks, Construction Equipment, White Goods, Textiles, Autos, Steel, Pharmaceuticals
- **Foreign Relations:** SE Asia, Taiwan, Japan, US, Global