

Is Bridgewater's China exit smart money or a missed opportunity?

Heather Ng

14 hours ago

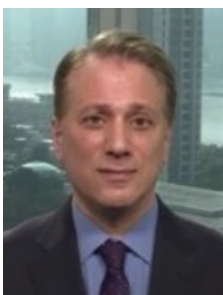
The \$1.41 billion divestment by one of the world's biggest hedge funds underscores some investors' unease with the world's number-two economy, but bullish voices argue that structural strengths in EVs, renewables and tech still make China a long-term play.



Bridgewater Associates is making waves after revealing it divested from its \$1.41 billion stake in US-listed Chinese equities in the second quarter, including shares of Alibaba, JD.com, Baidu and EV maker Nio.

The sweeping exit marks a sharp pivot for one of the world's largest hedge funds, underscoring deepening concerns over China's unpredictable regulatory landscape, uneven economic recovery and mounting geopolitical tensions.

"Tariffs may be beginning to bite, there's no sign of reignited growth, and a broken real estate sector remains a major dark cloud," Brock Silvers, CIO of Kaiyuan Capital, told *AsianInvestor*.



Brock Silvers
Kaiyuan Capital

"Geopolitical tensions and evolving trade policy are pushing many investors to reconsider China exposure, and Bridgewater's market exit certainly won't provide any comfort."

Chinese equities have rallied recently, though concerns persist.

Kai Wang, Asia equity strategist at Morningstar, offered a more tempered view of Bridgewater's China exit.

He suggested the move could be profit-taking, noting that “our price to fair value was already at 0.97x at the end of June, and the HSI has run up another 4% since then.”

While government policies have been market-friendly, real estate and macro consumer conditions are still experiencing headwinds so Bridgewater may just be locking in profits to minimise risk exposure, Wang said.

“Bridgewater may just be contrarian at this point and cautious, drawing on lessons learned from the market crash in summer of 2015,” he added.



Kai Wang
Morningstar

CONTRARIAN VIEWS

Not all investors see Bridgewater’s divestment as a retreat.

Steve Alain Lawrence, CIO at Balfour Capital, framed it as a tactical repositioning.



Steve Alain Lawrence
Balfour Capital Group

“We remain bullish on China’s trajectory, where volatility often conceals structural strength.”

He emphasised China’s leadership in EVs, battery technology and renewable energy, calling them “sectors at the heart of global decarbonisation and innovation”.

“With valuations at historic discounts and Beijing leaning into pragmatic stimulus, we believe patient, forward-looking capital will be rewarded,” he added.

Balfour views current dislocations as attractive entry points, especially in areas including e-commerce, cloud computing and EVs, where Chinese firms continue to show global competitiveness.

GLOBAL REALLOCATION

Bridgewater’s latest stock exchange filings show increased exposure to US and European AI infrastructure (e.g., NVIDIA, ASML), defence technology (Lockheed Martin, BAE Systems) and renewables.

Yet, Lawrence argues that China remains central to these megatrends.

“From EVs and battery storage through BYD and CATL to solar leaders like LONGi Green, China anchors global supply chains,” he said.

“Allocating here offers investors leveraged access to the global decarbonisation and AI-driven technology cycle.”

Bridgewater’s exit also raises questions about the future of Chinese ADRs.

While delisting risks persist, many firms have pursued dual listings in Hong Kong and on the STAR Market, which Lawrence views as constructive.

“They broaden investor access, align companies more closely with policy priorities and provide global investors alternative channels into Chinese growth stories without relying solely on US markets,” he said.

Investor sentiment remains fragmented.

Hedge funds like Tiger Global have trimmed exposure, while sovereign wealth funds such as Temasek and Abu Dhabi Investment Authority are boosting investment in healthcare, renewables and EV supply chains.

While Bridgewater's divestment reflects near-term caution, Balfour Capital remains optimistic.

"With Chinese equities trading at multi-year valuation lows and policymakers signalling more targeted stimulus, contrarian capital is well placed to benefit from a re-rating over the next cycle."

– Haymarket Media Limited. All rights reserved.

EQUITIES **FUND MANAGERS**

[#bridgewater](#) [#china](#) [#equities](#)

RELATED ARTICLES

Midmarket deals drive Asia's PE revolution

Heather Ng

5 days ago



Private markets go digital as institutional investors adopt tokenisation

Heather Ng

Jul 20, 2025