

CHINA IN THE NEWS



Joanna Zhou (周娜), now residing in Knoxville TN, immigrated to Indianapolis with her husband from Beijing in 2013, where she worked in Human Resources for a U.S. Fortune 500 company. She enjoys her new life with her husband and kept in touch with her IAAT friends and readers by contributing to this column.

Palace Museum sells all tickets online

The Palace Museum in Beijing sold all its 80,000 tickets for the day online within two hours on Monday. It is the first time for the Palace Museum, also known as the Forbidden City, to sell tickets online only, according to the museum. Online advance sale of tickets initiated on September 25, 2011, when only 287 tickets were sold out. In August this year, 77 percent of tickets were booked online. The museum plans to experiment with limiting the number of tickets for various periods of a day next year, based on big data analysis, so as to avoid overcrowding, said Shan Jixiang, curator of the museum. The Palace Museum began to limit daily visitors to 80,000 in June 2015, preventing extreme peaks in number of visitors.

故宫8万门票全部投入网售

为鼓励观众通过网络自助购票，今年国庆期间故宫将现场购票窗口砍掉一半，仅留16个。同时，故宫已开放当日网上购票权，游客随时可以网购或通过现场扫描官方二维码购买当天的参观门票。此外，继去年国庆扩大网络预售门票份额后，故宫网售票彻底放开，当天8万张门票已全部投放到网络购票渠道。根据故宫博物院的游客接待方案，国庆期间故宫仍将执行每日限流8万人次的政策，现场售票窗口将视具体情况适时停止售票。根据计划，故宫今年将逐步实现全面网上购票，取消现场30个购票窗口。针对确有特殊困难的观众，现场设综合服务窗口，帮助其网络购票。这意味着，故宫今后将不再出实体门票。

Chinese investors eyeing Mexico's SEZs, say Mexican officials

Chinese investors are keenly interested in participating in the development of special economic zones (SEZs) in Mexico, Mexican officials said on Monday. "We see a huge appetite in developing the infrastructure of the special economic zones, in which (the Chinese) have great capacity," Enrique Huesca, the federal executive secretary in charge of developing the country's SEZs, told a gathering of foreign correspondents. Last Thursday, Mexican President Enrique Peña Nieto announced an initial investment of some 5.3 billion U.S. dollars in the project to develop a number of SEZs. The Chinese government and investors have expressed an interest above all in administering the zones, which imply building, developing, managing and maintaining them, Huesca said. Meanwhile, other Chinese investors are interested in specific industries in the zones, including steel, agro-industry, metalworking, and information technologies, he said.

中国投资者目标墨西哥特别贸易区

周一墨西哥官员表示中国投资者对于墨西哥特别贸易区十分感兴趣。Enrique Huesca是负责墨西哥特别贸易区发展的高级官员，他说自己看到了中墨双方合作的很大可能性，比如在钢铁，农业，金属和信息方面。上周五，墨西哥总统也宣布了对于本国特别贸易区的一笔53亿美元的投资。

Chinese cities regulate bike sharing service

Hangzhou, capital of east China's Zhejiang Province, issued a guideline Friday to regulate the city's booming bike-sharing market. There are now around 448,600 for-hire bikes from 10 companies on the streets of Hangzhou. "Problems such as haphazard parking and too many bicycles in crowded areas have disrupted traffic order," said Wu Zhirong, deputy director with the transport bureau of Hangzhou. The guideline also ordered bike-sharing companies to have designated bank accounts to keep deposits, which should not be put to other use. The guideline also demanded bike-sharing companies to assign at least one maintenance worker for 120 bikes.

杭州出台共享单车管理新规明确运维配比为120比1

如何管理仍在爆发性增长的共享单车，是当前众多城市面临的一大难题，今年以

来，国内有不少城市宣布暂停新增共享单车。相比于“一刀切”的做法，浙江杭州明确规范“运维人员配备标准为120比1”等，力求打破“单车围城”现象。

China Unicom sets up big data company

China Unicom announced Monday the establishment of a big data unit in its latest effort to seek new growth as traditional business shrinks. The new subsidiary will make full use of the telecom carrier's advantage in cross-industry data collection and integration to offer a variety of services in information sharing, transactions, government management, risk control and travel. The state-owned telecom firm unveiled a plan to bring in private investors, including IT giants Alibaba and Tencent, to improve competitiveness more than a month earlier.

中国联通成立大数据公司

大数据和云计算已经是互联网产业的基础性工具。在云计算领域，BAT这样的互联网巨头凭借巨大的用户基数，积累了大量的数据，成为云计算的重要参与者。现在，云计算领域里又多了一支国家队。昨天，中国联通集团正式宣布，旗下的联通大数据有限公司正式揭牌成立。大数据公司将通过中国联通跨行业数据采集整合、大数据分析、平台集成等数据能力，为数据共享、交易、政府治理、风控管理、旅游出行等方面提供数据支撑服务。

Chinese luxury e-commerce firm Secoo debuts on Nasdaq

Chinese luxury e-commerce company Secoo Holding Limited on Friday rang the Nasdaq Stock Market opening bell in celebration of its Initial Public Offerings (IPO). Secoo's IPO of 8,500,000 American depositary shares (ADSs) priced at US\$13 per ADS, within the pricing range of 11.5 dollars to 13.5 dollars given by the company, for a total offering size of approximately 110.5 million dollars, assuming the underwriters do not exercise their option to purchase additional ADSs. Each two ADSs represent one Class A ordinary share. The company has granted the underwriters an option, exercisable within 30 days from the date of the final prospectus, to purchase up to an aggregate of 1,275,000 additional ADSs to cover over-allotments. Shares of Secoo, trading under the ticker symbol of "SECO," tumbled about 19 percent to 10.52 dollars per ADS around midday Friday. Secoo is Asia's largest online integrated upscale products and services platform as measured by gross merchandise volume in 2016, according to the Frost & Sullivan report.

寺库赴美成功上市占据消费升级红利正当时

北京时间9月22日晚，奢侈品电商平台寺库 (SECOO) 在美国纳斯达克交易所敲钟上市，股票代码为“SECO”。据公开资料显示，寺库本次共发行850万美国存托股 (ADS)，发行价为每股13美元，公开募股融资总额约为1.1亿美元。招股书援引市场研究机构Frost & Sullivan报告称，由于消费升级浪潮带来的购买力提升，使中国奢侈品市场得到快速扩容，“中国奢侈品和服务2016年的总销售额达到2.501亿元，对应2012年以来的8复合年增长率为23.1%，2016至2021年有望达到18.2%”。结合其招股书披露的资金用途来看，寺库意在消费升级风口之下通过上市全盘布局，在奢侈品行业这片价值高地上实现率先卡位。

University to open new campus near Beijing's new gov't center

Renmin University of China (RUC), one of the country's best universities, has started building a new campus in Beijing's Tongzhou District, where a new government center is under construction. Construction of the new campus started Monday at Tongzhou's Lucheng Township, one day before the university's 80th anniversary. Covering an area of 111 hectares, the campus will be home to 22,000 students after its planned completion in 2025. No fences will be built. Facilities at the campus, including the sports field and the gymnasium, will be open to the public. RUC will be the only national-level key university in the capital's subsidiary administrative center, according to RUC.

中国人民大学通州新校区今天奠基

10月2日上午，人民大学新校区奠基仪式正式启动。截至目前，新校区项目的四至及用地规模已经确定，校园总体规划已经完成，征地手续获得国务院批准。此外，中国人民大学通州新校区的建设项目已被列为“北京市2017年重点工程项目”，纳入“一会三函”绿色通道，目前正在大力推进校园专项规划和一期单体建筑设计工作。据了解，全项目计划至2025年建设完成。

INDY BUSINESS BULLETIN



'Long-Shot' Central Indiana Amazon Pitch Worth It

The chief executive officer and president of Indianapolis-based KSM Location Advisors say central Indiana could put together a compelling bid for the second headquarters of Amazon.com Inc. (Nasdaq: AMZN), but it faces big challenges. Tim Cook and Katie Culp agree Boston, Denver and Austin appear to be frontrunners, but Culp says the Indy/Fishers pitch will be among the "off-the-radar cities" that could be in the mix.

Historic Hotel Named Among World's Best

A well-known attraction in southern Indiana has been named among the best in the world. Historic Hotels of America and Historic Hotels Worldwide include West Baden Springs Hotel in the list of 2017 Awards of Excellence recipients.

Fort Wayne Company Lands Military Fuel Contract

The U.S. Department of Defense has awarded a nearly \$24 million contract to Fort Wayne-based Petroleum Traders Corp. The company is one of 17 to receive contracts which call for the delivery of fuel for the U.S. military, Veterans Affairs and other federal civilian agencies.

FDA Approves Lilly Breast Cancer Treatment

The U.S. Food and Drug Administration has approved a drug developed by Indianapolis-based Eli Lilly and Co. (NYSE: LLY) for the treatment of advanced or metastatic breast cancer. The approval comes less than three months after Verzenio was submitted to the FDA for review.

Newfields Name Becomes Official

Beginning today, the 152-acre campus where the Indianapolis Museum of Art is located will for the first time have a name. In addition to the IMA, Newfields, a Place for Nature and the Arts includes the Virginia B. Fairbanks Art & Nature Park: 100 Acres, The Garden, Lilly House and multiple performance venues.

Organization Reaffirms Support For Sunday Alcohol Sales

The Indiana Association of Beverage Retailers is once again showing its support for legislation to allow Sunday alcohol sales. The reaffirmation comes as the state's Alcohol Code Revision Commission is in the midst of hearings reviewing Indiana's alcohol laws.

Methodist Sports Medicine Opens Grand Park Clinic

The chief executive officer of Methodist Sports Medicine says the opening of a new clinic at the Grand Park Events Center in Westfield is the culmination of two years of work. The clinic, which was announced in February when Methodist Sports Medicine was

named the official sports medicine provider for the campus.

Raytheon to Share in \$1B Military Contract

The U.S. Department of Defense has awarded a nearly \$1 billion contract to be shared by 14 companies, including Raytheon Co. (NYSE: RTN) in Indianapolis. The deal calls for the research, development, testing and evaluation of weapon systems, subsystems and components for the U.S. Air Force.

Chamber Backs Trump's Tax Plan

The state's largest business advocacy group is lauding what President Donald Trump is calling an "America First Tax Relief Plan." Indiana Chamber of Commerce Chief Executive Officer Kevin Brinegar says the plan, which includes corporate tax cuts, makes the kinds of changes to the country's tax structure that the organization has been calling for "for some time." Brinegar and some 100 Hoosier business leaders are in Washington D.C. this week lobbying the Indiana Delegation to "work toward a revenue-neutral, comprehensive reform of the federal tax code."

Central Indiana Home Building Permits Increase in August

The nine-county Builders Association of Greater Indianapolis says single-family home building permits rose in August and continue to increase year-to-date. Last month, 595 were issued in central Indiana, compared to 521 in August 2016.

Ruoff Puts Name on Indy-Area Concert Center

One of the most high-profile concert venues in the state has a new name. The 24,000-seat Noblesville amphitheater, owned by Live Nation Entertainment Inc. (NYSE: LYV) and formerly known as Klipsch Music Center, is now known as Ruoff Home Mortgage Music Center. The Fort Wayne-based lender is experiencing rapid growth and currently runs more than 30 branches in Indiana, Ohio, Michigan and Florida.

Elkhart-Goshen GDP Growth Among Nation's Highest

Recently-released figures show the Elkhart-Goshen metropolitan area is one of the fastest-growing in terms of Gross Domestic Product in the country. The Bureau of Economic Analysis says the Elkhart-Goshen metro area notched a \$15.5 million annual GDP in 2016, compared to a 2015 figure of \$14.4 million. Greater Elkhart Chamber of Commerce Chief Executive Officer Kyle Hannon said the surging RV industry is fueling economic growth.

FedEx Adding 2,000 Holiday Jobs

FedEx Corp. (NYSE: FDX) is looking to hire 2,000 people in Indianapolis ahead of the holiday season. The company says the jobs include permanent part-time package handlers and other support positions.

New San Francisco Flight Begins

Alaska Airlines today begins nonstop daily service to San Francisco International Airport. The service is an addition to the airline's nonstop to Seattle, which began in May.

FINANCIALLY SPEAKING

Being on opposite side of Buffett trade or bet costly proposition



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While the "active" (i.e. picking individual stocks) vs. "passive" (i.e. index investing) management debate has reached a fever pitch recently, there has been a passionate conversation ongoing for well over a decade.

Warren Buffett's annual letters to shareholders of Berkshire Hathaway are legendary for explaining concepts in an easy-to-understand manner. In Buffett's 2005 letter (February 2006), he told of the fictional "Gotrocks" family, which owned all corporations in America (think passive, index investors). Fast talking "Helpers" whispered to individual family members how they could outsmart their relatives by buying and selling certain holdings (think active investors), which these Helpers could broker, for a fee.

Buying and selling individual holdings led to the need for Helpers to pick which holdings to buy and sell (i.e. investment managers), which in turn led to the need for Helpers to pick investment managers (i.e. consultants). All of these Helpers needed to be paid, but none as much as the newest hyper-Helpers (i.e. hedge funds) to appear, which promised the real key to success was paying even steeper fees (2% of assets under management plus 20% of gains, together known as "2 and 20").

Hedge funds generally operate in secrecy and many utilize investment strategies you need to be a Nobel prizewinner to understand. Part of their attraction is many investors prefer to invest in things they don't understand and

equate higher price to better quality.

Finally, hedge funds are a great way for the manager/general partner to get rich, not the investors/limited partners. Forbes estimated the 25 highest-earning hedge fund managers personally made a combined \$10.9 billion in 2016, even though many of their funds underperformed. Watch "Billions" on Showtime!

At Berkshire's May 2006 annual meeting, Buffett talked about the impact of fees paid to Helpers on performance and offered to wager \$500,000 that over 10-years, the performance of a S&P 500 index fund would beat any five hedge funds the opponent would choose (after fees). For over a year, Buffett heard nothing but crickets from the hedge fund Masters of the Universe, who urged Gotrocks to bet billions on their skill, but were shy about putting up their own dough.

Only Ted Seide, co-manager of Protégé Partners (which manages a "fund of funds" investing in other hedge funds, charging its own fees in addition to the underlying funds' fees) stepped forward. Seide picked five "fund of funds" (never identified), containing a total of 100+ individual hedge funds. The bet covered January 1, 02008 (no typo) to December 31, 02017. You can still see the bet posted to Long Bets (www.Longbets.org), a non-profit seeded by Amazon's Jeff Bezos to administer long-term bets for the benefit of charity. Buffett's designated charity was Girls Inc. of Omaha and Seide's was Friends of Absolute Return for Kids, Inc.

The results were predictable. Buffett said the compound annual return through the end of 2016 was 7.1% for the S&P 500 index fund, but averaged only 2.2% for the five funds of funds. In dollar terms, \$1 million invested in S&P 500 index fund gained \$854,000, while \$1 million invested in the funds of funds gained only \$220,000.

Seide has conceded defeat. Don't bet against Buffett or buy when he's selling or sell when he's buying.

for use as a port to attract major investments and further spur southeast Indiana's economy."

The land is the site of a former American Electric Power plant. The agreement is with Tanners Creek Development, LLC, the site's current owner, an affiliate of Commercial Development Company, Inc. If the Ports of Indiana decides to move forward, the total cost for the land and equipment would be approximately \$8 million.

Indiana currently has three state ports operating on the Ohio River and Lake Michigan, with locations in Jeffersonville, Mount Vernon and Burns Harbor/Portage. Indiana has not opened a new port since 1985. Over the years, the Ports of Indiana has expanded each of its ports and now operates approximately 2,800 acres along Indiana's navigable waterways. Indiana's ports contribute over \$7.8 billion per year to the state economy and support nearly 60,000 jobs.

INDIANA EYES LAWRENCEBURG/AURORA SITE FOR POTENTIAL FOURTH PORT



INDIANAPOLIS – Governor Eric J. Holcomb on 9/21 announced that the Ports of Indiana has entered into an agreement to purchase 725 acres of land, with portions in Lawrenceburg and Aurora, Ind., to be the potential home of a fourth state port.

"While we're only beginning this process, it's hard not to be excited by the prospect of a fourth port in Indiana," Gov. Holcomb said. "The economic benefits to the region and the state as a whole would be game changing—providing new jobs and development opportunities."

The agreement allows the Ports of Indiana

to begin studies to examine the environmental and economic viability of the parcel of land on the Ohio River about one mile southwest of downtown Lawrenceburg. The Ports of Indiana must complete its due diligence and if it determines the site is a viable option move to purchase the site by Dec. 2018.

"Indiana's ports are important economic drivers for our state, connecting Indiana to the world every day," said Rich Cooper, CEO for the Ports of Indiana. "We welcome this opportunity to explore the possibility of a fourth port for our state and are eager to move quickly to determine the viability of this land