

Budget Buy – Baojun 610

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Back at the 2011 Shanghai Auto Show, the big story was how the joint ventures were creating China-only brands. Many, such as Nissan's Venucia showed bold concepts, but General Motor's Baojun went a step further and displayed an actual production car. The Baojun 630 saloon turned out to be the only new brand with a purpose built car – the others just rebadged old models. Such cars were meant to steal sales away from Chinese brands in lower tier cities by way of recycling proven older tech.

Three years on, Baojun is the most successful of the China-only brands. GM, whose technology underpins the cars, has expanded the range to include the recently launched 610 and 730.

We drove the top of the range 610 Luxury that is essentially a hatchback version of the original 630. Externally, it is a smart looking, well put together car.

Obviously, given the budget price, the interior uses cheaper harder plastics. However, money has been spent wisely on technology where it counts. Our top of the range Luxury model came fitted with the optional RMB 4000 touch screen infotainment system. More impressive are the instruments; not only do they have blue backlighting, but they also show the average fuel economy and estimated range on the remaining fuel plus the tyre pressure – these are all features that are often



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missing on far more expensive vehicles. Furthermore, the air conditioning allows you to set a target temperature.

In the rear, both, headroom and legroom are adequate but it is not particularly spacious. While there are ISOFIX points for child seats, the middle passenger unfortunately only gets a lap restraint. This is all the more disappointing as in the 630 there is a full seat belt. There is a reasonable amount of space in the boot and, of course, this can be increased by folding down the seats.

Currently, the car is only available with a 1.5 litre engine and a choice of five-speed manual or six-speed automatic transmission. It is possible that the 610 may later get the 1.8 litre, which is available in its 630 sibling.

On a mixture of city roads and *gaojia*, the engine, with automatic gearbox, seems more than adequate with quite a sprightly performance. This is surprising as on paper the figures tell a different story with a sluggish 0km – 100km/h of 13.1 seconds. The six-speed automatic provides quick changes and can be used in a manual mode. However, it is not a dual clutch type system, and this leads to a large drop

in fuel economy over the five-speed manual.

Fuel economy is one area in which the Baojun scores very badly. Our model's trip computer showed a historic average of 11.5l/100km – well above the advertised level of 7.0. Obviously, this is dependent on various factors such as driving style, traffic and speed, but nonetheless is a terrible figure for such a small car.

Steering is overly light and gives a vague feel when driving, but the car does benefit from good all-round visibility. While the ride is relatively soft, the car is not good at soaking up bumps on the road and our test model seemed to rattle. Road holding, while far from class leading, is more than adequate, especially when you consider the price.

With prices ranging from RMB 65800 to RMB 85800, it is an extremely good buy. Yes, it has shortcomings, but the build quality is far better than many of the Chinese brand competitors, and it is quite fun to drive. However, factor in the high fuel consumption and you might have been better off stumping up for a more frugal car.

MONEY TALK

How To Choose A Financial Advisor

When it comes to our money, how well our investments perform is not under our control, but whom we choose to manage our money is. For that reason, you'll want to search and evaluate all candidates carefully. I have put together some key questions you should ask a potential financial advisor.

How do you bill for your services, and how much do you charge?

I believe this is the most important question when interviewing an advisor as it can make a huge difference in your long-term returns. You typically want to avoid commission-based advisers. Advisers who work on commission have incentives to push a certain life insurance packages or mutual funds if they're getting a cut of that revenue. More than likely, these products will not be the best options for your savings. If you do meet a commission-based advisor, ask them how much they are earning on the product they are offering. Ideally, get it in writing.

Fee based advisors are typically your best option. Fee based advisors either charge a flat fee or an annual fee based on a percentage of your assets under management. They are much more inclined to provide you good advice, as their future earnings are closely tied to the success of your investment account.

Also, besides the fees that are paid to the advisor, make sure you understand all of the other costs associated with the investment, such as platform, transaction and custodian fees. If all fees exceed one to one-and-a-half per cent per annum, then you are likely paying too much.

Does the investment lock up any part of my savings?

Unfortunately, many investors ask this question after the fact and they find themselves stuck in an investment for up to 25 years. There is absolutely no reason as to why you should invest in an account that locks up your money, unless it is a government sponsored retirement account such as an IRA. An investment that has a lock-in has very little incentive to make a return on your money, as they know you are not going anywhere.

In our opinion, lack of liquidity is one of the biggest problems with some of the most widely sold investment products for expatriates in China. By 'liquidity', we mean the ability to get cash when you want. Of course, you'll be told that this lack of liquidity is "for your own long term benefit".

What is your educational background, credentials or other certifications do you have?

It is important that your advisor knows what they are talking about, so I would confirm the educational background and whether the advisor has CFP (Certified Financial Planner) and CFA (Certified Financial Analyst) certificates. As it is not

uncommon for advisors to make up their educational background, I'd ask for some proof that they have the education they are claiming.

What is your investment approach?

You should ask the advisor about his or her investment philosophy. Does the advisor invest in low-cost ETFs, do they prefer to use managed funds, passive investments or do they invest in individual stocks and bonds? Beware of advisors who boast they consistently beat the market. There aren't a lot of people like Warren Buffet. If you have an initial meeting with an advisor and you hear predictions of market-beating performance, it may be a warning. No one can safely make such guarantees, and anyone who's trying may be taking risks that you don't want to take. My personal belief is that advisors should concentrate on an indexing approach by using ultra cost efficient ETFs offered by such companies such as Vanguard, Ishares and SPDR.

What is your performance record?

You should ask any potential advisor how their portfolios have performed over the last several years and ideally ask for some kind of proof. Proof may be in the way of an audited statement or, if this is not available,



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a couple of client references could provide some insight into the advisor's performance.

How much contact do you have with your clients?

Some advisors have an initial allocation meeting and then you see them once a year, others might have quarterly overviews, while others would offer some contact once a month. How often you meet your advisor may depend on their investment strategy. If you are following a more passive investment strategy, a yearly check up is all you may need.

Choosing the right financial adviser is an important decision. Spend some time researching and comparing a number of advisers. This will improve your chances of finding the right one for you.

Bill Longstreet is a partner with Caterer Goodman Partners, a primarily fee based financial advisory firm. For more tips on how to handle your savings check out their blog: www.chinaexpatmoney.com