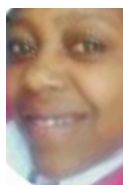




Chinese Stocks Expected To Lure In More Investors On The Backdrop Of Speculations That Mainland A-Shares Might Be Included In The MSCI's Benchmark Indices

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The Chinese stock market is expected to lure in investors in the coming months. Signs are clear that many investors are betting on Chinese shares anticipating that mainland stocks will soon be included in the global MSCI

benchmark Indices.

Last week Chinese stocks jumped 3% as investors remained hopeful that Mainland A shares will be included in MSCI's Indices as early as next month. The Benchmark Shanghai Composite Index grew by 3.32% to close at 2,916.62. The growth was also reflected in other indices in the mainland. The SSE 50 Index grew 3% while the CSI 300 also grew by 3.35%.

What Are The Odds That Chinese Stocks Will Be Included In The MSCI Indices?

According to recent reports from [Bloomberg](#), the odds that Chinese Mainland A-shares will be included in the MSCI's indices received a much needed boost last week. Both the Shanghai and Shenzhen Stock Exchanges published a new set of regulations that will restrict trading halts in the listed securities. The

◀ action was widely implemented during the Chinese stock market crash last year as a measure to prevent shares from falling further.

With these new rules from the Shanghai and Shenzhen Stock Exchanges, Goldman Sachs, a leading US investment Bank said that there is a 70% chance that the MSCI will include Chinese Mainland Stocks into its indices. This is a bigger probability compared to the 50% the bank had issued nearly a month ago.

Why Is This Good News?

Chinese Stock had failed to make it to the MSCI indices in 2015, a failure that was largely blamed on government interference and too many investment restrictions for investors. However, it seems things are changing and the inclusion of A-shares into the MSCI indices will improve the global profile of the Chinese market significantly.

Chinese regulators have also addressed a number of key concerns. Regulators have clarified foreign ownership rights and also expanded its Qualified Foreign Institutional Investor (QFII) scheme. However, there are still a number of analysts who believe that the inclusion of Chinese A-shares will not necessarily lead to an avalanche of investments and capital flows in the market. However, for a sector that was largely associated with government interference in recent years, an inclusion to the MSCI indices is definitely a positive step in the right direction.

MSCI is expected to add the so called Chinese A-shares to its emerging markets index. This is a very important index that is often tracked around the world by funds that manage trillions of dollars. This might



help to channel billions of dollars in asset management money to the Chinese stock market that is yet to fully recover from the unprecedented crash last year.

Increased foreign appetite for Chinese stocks is also expected to improve after China Announced that Blackrock's Singapore Unit had acquired 20 Billion Yuan in terms of additional quotas under the Renminbi Qualified Foreign Institutional Investor program. The program allows institutions to be able to raise Yuan in foreign countries for the purpose of investment within China.

How To Invest In China

The Chinese stock market is gradually recovering from the massive crash last year. However, it will still take

time before full recovery is realized. The inclusion of Chinese A-shares into MSCI indices will definitely play a significant role in fostering improved capital inflows into the country. The Chinese Economy is also steady so there is a lot of positivity for investors. The best way to invest in China is through a Closed-End fund.

[JPMorgan China Region Fund, Inc. \(JFC\)](#) is one of the best funds. It focuses its investments in a wide range of companies that operate in The Chinese mainland, Macau, and Hong Kong. JPMorgan China Region Fund, Inc. (JFC) is also traded in the New York Stock Exchange and it's definitely a perfect vehicle for investors looking to invest in China both on the short term and the long term.